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• In the Record •

Catastrophe Insurance

When an employee has his appendix out or his wife has a baby, his company's basic group hospital-surgical plan can generally take care of most of the expenses. But what if his illness or accident is far more serious or prolonged? What if he requires day-and-night nursing service or a long period of hospitalization where expenses run into the thousands? In case like this, his basic plan insurance doesn't go very far. He would need some additional insurance to cover these major costs.

"Catastrophe Insurance for Major Medical Expenses" analyzes the major medical expense plans of fourteen companies. The plans differ in the amounts the employee must pay out of his own pocket and on the type of expenses paid for. The story starts on the next page.

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Special Incentives for Inventors?

Is an inventor who works for a company as a salaried employee entitled to special compensation when he produces a patentable invention? It's a tricky question. On the one hand, there's no arguing the fact that the extra money can act as a sharp spur to inventiveness. Some companies have found it so. On the other hand, the desire for personal reward may upset the teamwork so necessary to producing an invention." Some companies have found this so, too.

Of course, there are other considerations. Many of them are explored in the article that starts on page 361. And the supplemental pay plans of four companies who believe in special incentives for inventors are described there.

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What's Happening in Stock Options

The little boost that Congress gave stock option plans when it passed the Revenue Act of 1950 is reflected in the growth of these plans. Even the problem of stockholders bringing suit against some of the big companies' plans has not added up to much more than "nuisance value."

"Recent Developments in Restricted Stock Option Plans" examines twenty new plans, all adopted since January 1, 1953, to learn what changes can be found when they are compared with plans analyzed in the 1951 survey made by the Board. The story starts on page 365 and includes a two-page tabular analysis of nineteen of the twenty plans.

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The AFL Convention

This year's AFL convention was what is known in newspaper jargon as "hot copy." Among the events which attracted so much attention and made so many headlines was the ousting of Joe Ryan's Longshore union for racketeering—the first such ousting in the AFL's history. And then there were the differences between Vice President Nixon and Martin Durkin over the proposed nineteen amendments to the Taft-Hartley Act. Finally, in a calmer mood, a no-raid pact with the CIO was approved as a first step toward greater unity between the two bodies.

The detailed account of "The 1953 AFL Convention," begins on page 363. The nineteen amendments which caused the controversy over which Mr. Durkin says he resigned appear on page 387.

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Another Peak in Consumers' Prices

The Board's consumers' price index touched new high ground in August. The latest data reveal the over-all cost of living is slightly above the 1952 peak, which was also reached in August. Despite the new record, fluctuations have been within a very narrow range during 1953; the low point this year was recorded in February when the index dropped to 179.0 (January 1939 = 100). This compares with the most recent figure of 183.7.

Food, the favorite whipping boy, stands well below year-earlier levels. The chief culprits in the most recent rise have been rent and sundries (sundries include such things as transportation, personal care, and medical expenses). "Review of Labor Statistics" starts on page 380.

Catastrophe Insurance

For Major Medical Expenses¹



ONE OF THE MOST striking recent developments in the employee security field is the widespread interest in group major medical expense insurance, often called catastrophe insurance. This type of insurance helps to protect the individual against expenses resulting from accidents or from prolonged or serious illness, which may run into thousands of dollars.

When an employee has an appendectomy, or his wife has a baby, the company's basic group hospital-surgical plan can take care of most of the expenses. Any additional amount he has to pay out of his own pocket does not usually represent a serious financial problem. But if he is hurt in an auto accident so badly that he needs day-and-night special nursing service for weeks, or if his child is hospitalized and crippled by a serious bone disease, even the most liberal hospital-surgical plan will not go very far. It is a rare individual whose budget can absorb this kind of unexpected expense. Such misfortunes would wipe out all the savings of most people, and plunge them deeply into debt.

An employee's total expenses for a catastrophic illness may run, for instance, to \$5,000. He may receive only \$635 reimbursement from the company's basic group insurance plan, which pays \$10 a day for hospital room and board for thirty-one days, \$100 for miscellaneous hospital charges, and \$225 for surgery. The remaining \$4,365 can be covered by a major medical plan which will pay 75% of it, or \$3,273.75. This is not 100% protection, it is true, but it is certainly enough to "break the back" of the employee's expense. The following discussion of catastrophe insurance is based on an analysis of fourteen plans.

DISABILITIES COVERED

In general, medical catastrophe plans provide protection against expenses which are incurred as a result of nonoccupational disabilities, physical or mental, which are considered necessary and reasonable by a licensed physician. Under most plans, the employee does not have to be hospitalized or totally disabled in order to receive benefits. (One plan in this survey limits coverage to disabilities requiring hospitalization, but it also provides for three months of posthospital

care.) In addition to hospital, surgical, medical and nursing charges, the coverage includes the cost of the following types of services performed or prescribed by a physician or surgeon:

- Physiotherapy
- X rays and laboratory tests performed outside hospital
- Ambulance charges
- Drugs and medicines dispensed by a pharmacist or a physician's prescription
- Blood plasma
- Artificial limbs or eyes
- Casts, splints, trusses, braces, and crutches
- Rental of wheel chair, hospital-type bed, iron lung and oxygen equipment

The following are not covered by major medical insurance plans:

- Compensable disabilities
- Services in a government or other hospital which are furnished without the right to require payment
- Periodic physical examinations
- Eyeglasses and hearing aids
- Dental care and cosmetic surgery (some plans provide for these charges if incurred as the result of an accident)
- Disabilities in connection with pregnancy, except for intra-abdominal surgery and postoperative care

THE EMPLOYEE MUST PAY SOMETHING

Major medical insurance is not designed to reimburse the individual for every dollar of medical expense. It comes into effect only after the basic plan benefits have been exhausted, after the employee has paid a considerable sum out of his own pocket, or both. Accordingly, most plans require the employee and his dependents to be enrolled in the basic plan in order to be eligible for the major medical plan.

All plans establish a certain amount which must be paid either by the basic plan or by the employee himself, before the major medical plan begins to pay. This amount is called the deductible amount. The

¹ Illustrations reprinted from the insurance booklets of Follansbee Steel Corporation and Trans World Airlines, Inc.

principle involved here is the same as that used in automobile collision insurance, where policies usually do not pay the first \$50 or \$75 of expenses. The cost of paying all claims, no matter how small, would make the cost of the insurance prohibitive. The accumulation of enough expenses to add up to the deductible amount established by the plan is called "satisfying the deductible."

Corridor" Deductible

Three different ways of establishing the deductible amount are found among the plans included in this survey. The most common is called the "corridor" deductible. This type of plan sets up an amount in addition to basic plan benefits which the employee himself must pay before the major medical plan comes into effect. This sum usually runs between \$200 and \$300, depending on the employee's salary.

For example, one plan establishes a corridor deductible consisting of basic plan benefits plus 2% of the employee's annual salary. Suppose that an employee earning \$8,000 a year incurs medical expenses of \$3,000 during a fifty-eight day confinement in a hospital. The company's basic plan reimburses him for \$630. Add to this amount \$160 (2% of his annual salary). This total of \$790 is subtracted from \$3,000, leaving a balance of \$2,210. It is this \$2,210 that is covered by the

major medical plan, which pays 75%, or \$1,657.50. On the other hand, suppose that another employee earning \$8,000 a year incurs total expenses of the same original sum, \$3,000, for an illness which is prolonged and serious but never requires surgery or hospitalization. This employee receives no basic plan benefits for this type of illness. His deductible is still only \$160, and the major medical plan pays 75% of the \$2,840 balance.

Flat-Sum" Deductible

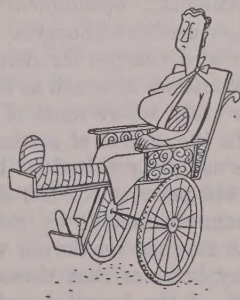
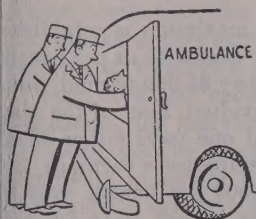
Another type of deductible is the flat-sum deductible found in three of the plans. In each case the amount is \$500. This amount is the same for all covered employees, regardless of earnings. It has no relation to the basic plan, except that it is set at a level high enough to avoid duplicating basic plan benefits in most cases. Under this type of plan, however, it is sometimes possible for the employee to recover more than the \$500 deductible through reimbursement from the basic plan. If the employee's total expenses are \$1,500 and the basic plan benefits amount to \$650, the major medical plan still covers the \$1,000 representing the difference between \$1,500 and \$500, even though the amount not covered by the basic plan is only \$850.

Family Deductible

A variation on the flat-sum deductible is the family deductible, found in two of the plans. Under this type of arrangement, the medical expenses incurred by each member of the family during the year, except for minor illnesses costing less than \$25 each, may be totalled to accumulate the deductible, which is \$300 in each plan. Under these plans, however, there is no possibility of any duplication of benefits. If the total expenses of the employee and his family amount to \$1,550, and the basic plan pays \$700, the major medical plan does not begin paying benefits until the \$700 has been exhausted. But if the expenses total \$700 and the employee is reimbursed for only \$250 by the basic plan (because some of the illnesses do not require hospitalization or surgery), the major medical plan begins paying benefits after the employee has paid \$50 out of his own pocket and thus satisfied the \$300 deductible.

Under half of the plans, the employee needs to satisfy the deductible only once, and may continue to collect benefits up to the maximum for the duration of the disability. The remaining plans operate on a benefit-year basis. Beginning one year after the first expense is incurred, the deductible must be satisfied again before the major medical plan will resume paying benefits. For example, suppose an employee's child is stricken with polio and hospitalized on November 1, 1953. The benefit year begins on November 1, 1953, and continues through October 31, 1954. During the second benefit year, which begins November 1, 1954, the child is no longer hospitalized, but heavy expenses are still incurred for doctor's charges, physiotherapy treatments, special braces, etc. However, beginning with November, 1954, the \$300 deductible must again be satisfied before the plan begins paying benefits. In this case the employee must pay it himself; he receives nothing from the basic plan because the child is not hospitalized.

An added feature, found in four of the plans, is the common disaster deductible. This means that if two or more insured members of the same family are involved in the same accident, only one deductible is applied to all expenses, and each individual is eligible for the maximum amount payable under the plan. If an employee, his wife, and his child are all seriously injured in the same automobile accident, and the husband's expenses are \$6,000, the wife's \$4,000, and the child's \$2,000, only one deductible—assume this to be a \$500 flat-sum plan—is subtracted from the \$12,000 total, and the plan pays 80% of the remaining \$11,500. If, on the other



hand, the husband, wife, and child were hurt in different accidents, or each had illnesses with expenses amounting to the same \$12,000, three deductibles, or \$1,500, would be subtracted from the \$12,000 and the plan would pay 80% of the \$10,500 balance.

COINSURANCE

Even after the deductible amount has been satisfied and major medical benefits have begun, the employee must pay a sizeable portion (usually 20% or 25%) of his medical expenses out of his own pocket. This coinsurance factor is a basic element in all the major medical plans. The principle involved here is that the employee, by being required to pay about one fourth of the costs himself, will be encouraged to keep down the size of his bills. It is felt that he will be more likely to resist excessive charges and the temptation to avail himself of deluxe accommodations and other frills.

Eight of the fourteen plans have incorporated a 75%-25% coinsurance factor. Four plans are written on an 80%-20% basis. Two of the plans pay 80% of the expenses except when surgical or nursing fees have reached \$500, after which they pay only 70% of further charges in the same category.

Some plans also set a ceiling on the expense for hospital room and board. Four of the plans set the daily limit at \$20, two at \$15, and one at \$11. One plan provides a maximum of \$10 above the basic plan's allowance for a private room for the first 120 days of hospitalization, and \$10 above the semiprivate allowance thereafter. One plan limits the hospital charge to the semiprivate rate.

In spite of the incorporation of some or all of the above limitations into a group major medical plan, some people feel that such a plan still presents highly dangerous possibilities for abuse by both the patient and the doctor.



An unusual approach to this problem has been taken by Universal Pictures Company, Inc. This company believes that there is no sound reason—sociological, economical, or medical—for providing major medical insurance against the very high surgical fees and charges for deluxe hospital accommodations (sometimes as much as \$60 per day) in the metropolitan areas where most of its employees live.

In the course of setting up its major medical plan, the company raised its basic plan hospital allowance to \$12 per day for 180 days and established a \$1,000 maximum benefit for miscellaneous hospital charges. The surgical maximum was raised to \$350. The company believes that these allowances will cover about 75% of the hospital and surgical costs which would

normally be incurred by a \$10,000-a-year man, even in cases of catastrophic illness. The company then excluded all hospital and surgical charges from its major medical expense plan.

Through this arrangement, Universal Pictures, Inc. feels that it has eliminated the two areas of greatest uncertainty and potential abuse, and hence the greatest threats to the soundness and solvency of the major medical plan. The company's major medical plan pays 75% of other charges, after a \$100 deductible, to a maximum of \$5,000 per individual.

MAXIMUM MAJOR MEDICAL BENEFITS

Maximum benefits under a major medical plan are set up as one over-all dollar limit for all items, instead of the separate limits for hospital confinement, miscellaneous hospital charges, surgery, and doctor's fees which appear in basic plans.

(An exception to this is the ceiling on hospital room and board charges set by some plans, as previously mentioned.) Among the plans surveyed, this over-all maximum is established on either a per individual, per disability or per benefit-year basis. Four of the plans pay \$5,000 per individual and four pay \$10,000 per individual. Four of the plans pay \$5,000 per disability and one pays either \$3,000 or \$4,000 depending on the employee's earnings. One plan has a maximum of \$10,000 per benefit year for the employee and \$5,000 per benefit year for each dependent. Each dependent, however, has a per individual limit of \$10,000 under this plan.



Under the plans whose maximums are established on a per disability basis, a person who has already been paid the maximum is automatically reinstated, and is again eligible for the maximum, except that he cannot receive any further payment for any disability for which he has already collected the maximum. The plans written on a per individual basis require a person to submit evidence of insurability before he may be reinstated. The plan which has a benefit-year maximum provides automatic reinstatement for employees but requires evidence of insurability in order to reinstate a dependent after his \$10,000 maximum has been exhausted.

In certain circumstances, several of the major medical plans continue to pay benefits after the employee has left the company's service. This provision applies only to a disability which exists at the time the employee leaves the company. If a deductible has been satisfied at that time, or is satisfied within three months, benefits for that disability will be paid up to the dollar maximum until the end of the benefit year (three plans), for one year after termination (one

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Incentives for Inventors

Here are the pros and cons of compensating employees for patent assignments, as well as four companies' special award plans

TODAY'S INDUSTRIAL research laboratory has largely helped to dissipate the picture of the lone inventor on the eve of his great discovery. American inventors today are, in great part, salaried employees of laboratories and offices of companies throughout the country. They are paid regularly to carry on research, develop new products and improve existing ones. And in performing their jobs, they may very often turn in patentable inventions.

From this fact arises a problem that management has been turning over for many years: Should employee-inventors be paid extra for something that is supposed to be part of their jobs?

Those companies who do not pay extra for inventions emphasize that employees are paid for their work regardless of whether a patentable invention results; that teamwork and cooperation have displaced, to a great extent, the individual "flash of genius." On the other hand, say the companies who do pay for patent assignments, monetary reward is a powerful incentive that stimulates inventiveness.

Most companies have, of course, worked out programs that they feel are satisfactory and adequate. It is just about as many are in favor of extra compensation as are against it.

For example, in its 1952 study of company practices for compensating employee inventors,¹ THE CONFERENCE BOARD found that on the question of paying extra compensation for patentable inventions, a little less than half of the forty-eight cooperating companies carried on such a practice. And even among the twenty-two companies which did pay for patent assignments, the methods and amounts varied enough to indicate big differences in thinking behind the company practices. Of the seventeen companies in that survey which had a fixed amount for each invention turned in, four paid \$1 per invention; six paid \$50; six paid \$100; and one paid \$150. The other methods of monetary reward included more liberal salary increases, payment of royalties, and retention of commercial rights.

PROS AND CONS OF EXTRA COMPENSATION

When a uniform patent policy for the government with respect to inventions by government employees

¹"Patent Policies for Employees," *Management Record*, August, 1952, p. 294.

was established in 1950, a complete re-examination of its awards program was instituted. The interagency working committee on incentives, awards and rewards prepared a report which shows industry's arguments for and against compensating employees for their inventions. A summary of these pro and con arguments appears in the accompanying box. The nice balance maintained by these pros and cons shows why industry is divided on this question, and why both sides are apparently content with their solutions.

The arguments against giving special awards to inventors were clearly stated in 1943 by Dr. Lyman H. Briggs, former director of the National Bureau of Standards.

"The experience of industrial laboratories has been that effective teamwork is made difficult or impossible when emphasis is placed upon credit to the individual. Furthermore, inventions or discoveries seldom spring entirely from the mind of one individual. Interchange of ideas and discussion of problems stimulate the conception of productive ideas, and in many cases it is difficult to say precisely which individual in a group conceived a new idea.

"If rewards are to be given at all they should be granted for discoveries of broad principles and also for the engineering studies necessary to reduce an invention to practice, as well as for the conception of the original idea which constitutes the basis of a patent. Consequently, it appears better to recognize the value of the inventor as one element in an organization rather than to emphasize his particular service on some one or more specific inventions."

Another consideration that might well influence the success and practicability of an awards program for inventors was recently expressed by the vice-president of a chemical company. "Many inventions submitted," he claimed, "are not really worth very much to the company financially. While it may be expedient for the company to patent these inventions, a standard policy of awards would recognize almost worthless and meritorious inventions alike."

A sliding scale of awards, he went on, might very well succeed until a large award for a meritorious invention raised the cry of favoritism. Committee judgment of course might answer this, if a representative committee were selected. Such committee setups require careful thought and organization.

Arguments against awards notwithstanding, many firms do provide monetary awards for employees who assign their inventions to the company. Sometimes these rewards are part of a long-range policy of providing incentives for employees, including technical and research employees. More often, however, they are special systems conceived for the special class of technical employees to stimulate inventiveness.

COMPANY PATENT AWARD PLANS

The special award plans currently being established in some large companies are a part of this whole picture. Because many of these plans are quite new and because their objectives may be different, their degree of success cannot yet be accurately measured. Four such company plans are described below.

Westinghouse Electric Corporation

A new program to provide additional awards for meritorious inventions was instituted by Westinghouse Electric Corporation last year and has already yielded large returns, according to the company. During the first seven months of the plan's operation, 80% more patent disclosures were filed by engineers, scientists and other employees than during the same period the preceding year. Approximately \$95,000 was paid out during the seven-month period to employees whose inventions had potential commercial value.

CON—Special Awards¹

1. Those employees engaged in technical research and development are paid with the expectation that they may produce inventions.
2. Other employees who devote too much time to inventive possibilities do so at a sacrifice in their regular productive output.
3. Since many inventions stem from group effort, there is a practical difficulty in identifying the inventor, or inventors, to be rewarded and the extent of each person's contribution.
4. Special rewards tend to reduce teamwork because some workers may become secretive about their work in hope of greater personal gain.
5. Rewards for inventions are discriminatory against research workers and others who may make valuable discoveries that are not patentable.
6. A special awards system for inventors encourages employees to submit large numbers of ill-considered ideas, and creates ill will against the company's patent department when a decision is made not to seek protection.

¹ From "A Proposed Government Incentives, Awards and Rewards Program with Respect to Government Employees," Office of the Chairman, Government Patents Board, Washington, D. C., 1952.

"This increase in inventiveness, we believe, has been sparked by an invention award plan which provides four types of cash awards for patentable ideas and by a quota system that adds the competitive factor," states the manager of the Westinghouse patent department. "It once more proves that financial incentive and the urge to compete are powerful forces in any phase of activity."

The plan pivots on the local division patent disclosure committee. There are thirty-five such committees, each one representing a particular product activity. These committees are composed of the local engineering manager (chairman), the local sales manager, and the patent attorney servicing the particular activity. The committees review each idea submitted to the patent division and decide whether it is sufficiently meritorious to warrant an award of \$25.

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PRO—Special Awards

1. When an engineer, scientist, or other employee makes an important invention it is only proper that he receive a suitable recompense. He should not be denied a suitable special reward because he is performing research work, because he has technical education and training, or because he has greater imagination than his fellow workers.
2. Rewarding of inventors by salary increase or promotion is not always practicable or fair. A salary increase for a particular inventive contribution may be inadequate if the employee should work at the increased salary for only a short time, whereas it may be disproportionately high if the employee continues to work indefinitely at the higher salary and should make no more meritorious inventions. Also, with respect to promotion, not all inventors desire or are capable of successfully assuming positions of higher responsibility and importance.
3. The absence of a positive award plan for inventors has in part led to the use of the term "captive inventors," with reference particularly to salaried researchers.
4. The absence of an awards system which definitely provides for inventors is not conducive to the encouragement of inventions.
5. The following benefits may accrue from having a tangible system for rewarding all inventors:
 - (a) Useful inventions are promoted and a steady flow of ideas encouraged.
 - (b) Prompt reporting of inventions is encouraged.
 - (c) The work of a patent department is facilitated by increased cooperation for the inventors.
 - (d) Patent consciousness on the part of management is promoted.
 - (e) Good industrial relations are promoted by a well-administered plan.

The 1953 AFL Convention

THE 1953 AFL convention saw the federation at the peak of its strength. George Meany wielded gavel as president for the first time, while presiding over what delegates described as the AFL's most exciting and newsworthy convention. Their reasons for this description were threefold. The convention for the first time in the AFL's history tossed out a union "racketeering." The convention halls were a forum for an Administration-AFL dispute over Martin Durkin's resignation. And the convention approved an AFL-CIO no-raid pact as a first step toward organic unity of the two labor bodies.

Other actions taken by the AFL convention were:

- To instruct the AFL executive council to draw up a plan for ending jurisdictional warfare within the AFL. The convention resolution, however, specified that the plan was not to be effective until ratified by the next AFL convention.
- To increase the executive council from thirteen to fifteen members and elect as vice-presidents of the federation Maurice A. Hutchinson, president of the Plumbers, and Albert J. Hayes, president of the International Association of Machinists.
- To give a \$10,000 yearly salary boost to President George Meany (\$35,000) and Secretary-Treasurer William F. Schnitzler (\$33,000).

AFL EXPELS LONGSHORE UNION

For the first time in twenty-five years, the AFL voted to expel a union. Upon the recommendation of the AFL executive council the convention voted 72,362 to 765 to revoke the charter of the International Longshoremen's Association and issue a charter for a new organization of longshoremen. The reason given by the executive council for recommending expulsion was that evidence given at hearings of the New York State Crime Commission proved "that gangsters or criminals had obtained a stranglehold on the whole operations handling ship cargoes on the piers of Greater New York."

In making its recommendation for expulsion, the AFL executive council pointed out that as of last February 3, it demanded that Longshore union officials comply with three specific directives if they wished to retain the union's charter. The first of these was that longshoremen President Joseph P. Ryan remove from office and eliminate from the union, officers with criminal records and those who accepted bribes from em-

ployers. The second directive was that the "shape-up" method of hiring be eliminated. The third called for the institution of democratic procedures in local unions so that workers could secure leaders "free of the taint of crime and racketeering." The AFL said that the Longshoremen's union did nothing constructive about cleaning itself up, and that instead the situation grew worse.

The new AFL longshore union to be set up in the place of the ousted Ryan union will operate under a five-man trusteeship consisting of AFL President George Meany; Dave Beck, president of the Teamsters; Paul Hall, president of the Seafarers International Union; William C. Doherty, president of the Letter Carriers' union; and Al J. Hayes, president of the Machinists' union. The prime purposes of the trustee committee are to start the new union on a democratic trade-union basis and to prevent the gangster elements from infiltrating.

DURKIN AND THE NINETEEN AMENDMENTS

In a speech at the convention, Martin P. Durkin, who two weeks before resigned as secretary of labor to go back to his job as president of the Plumbers' union, said that President Eisenhower first agreed to and then went back on a pledge to support nineteen amendments to the Taft-Hartley Act.

The nineteen amendments, Mr. Durkin said, were worked out by "White House staff representatives of the President and Department of Labor representatives." He said that when agreement was reached between the two groups he was told that "all nineteen amendments had the approval of the President." The President's representatives, Mr. Durkin said, "then proceeded to draft the President's message to Congress, amending the Taft-Hartley Act in keeping with the nineteen-point agreement." Mr. Durkin said he read the message and approved it. The message, he said, was then shown to Secretary of Commerce Sinclair Weeks who didn't have any veto power over it.

According to Mr. Durkin's account, a decision was made at the White House to send the President's message on the nineteen amendments to Congress on July 31. On that day Senator Taft died. Mr. Durkin said that he was then informed that a White House conference decided to withhold sending the message in deference to Senator Taft.

Four days after Senator Taft's death, an actual copy

of the message was published in full in *The Wall Street Journal* according to Mr. Durkin. As proof of this, he said that this reproduced message is marked with the words "The White House."

The leak to *The Wall Street Journal*, he said, had widespread repercussions. When he met with the White House staff, he found reluctance on their part to carry out the nineteen-point agreement. He then asked for and got a private appointment with the President. At this meeting Mr. Durkin said President Eisenhower "fully agreed to my position and never at any time in our conversation raised any questions on the agreement as a whole or on any one of the nineteen agreed-to amendments." This was the first time he spoke personally to the President on the nineteen-point agreement, according to Mr. Durkin.

On his return to Washington, Mr. Durkin spoke to the White House staff on two occasions, and was offered what he calls a "weak substitute" for the nineteen-point agreement. He wrote out his resignation and saw the President on September 10. He said that the President informed him that "he had changed his position since the New York meeting and that he could no longer go along with the nineteen amendments."

In answer to Mr. Durkin's charge, White House Press Secretary James Hagerty said that "on checking, I find that there has been no decision made by the

President, on any suggestions or detailed recommendations for any changes in the Taft-Hartley law."

Nixon Replies

In his preliminary remarks before delivering the President's message to the convention, Vice-President Richard Nixon dealt with Mr. Durkin's charge that President Eisenhower broke his pledge to him. Nixon said: "There may have been a misunderstanding, but in forty years of service to his country, the glare of publicity that men in public life must submit themselves to, Dwight Eisenhower has never been guilty of breaking his solemnly given word on anything, and I don't believe that anyone can claim he broke his word in this instance."

President Eisenhower's message to the AFL convention, delivered by Vice-President Nixon, said that the task of giving the Administration's position on T-H amendments was entrusted "to an informal committee, consisting of executive officials and legislative leaders who had an intimate knowledge of the act and its operation." This committee, the President said, has been holding "the most detailed discussions we have had after week."

President Eisenhower said that "even though the past six years have revealed a number of defects in the T-H Act which should be corrected, its enactment was a substantial contribution to the quest for sound labor-management relations." The act's defects, he said, have been under critical study by the Administration. The objectives of the Administration's study are these, he said:

"To remedy defects which cause concern on the part of working men and women over possible results or uses of the act to their detriment;

"To insure administration of the act in the manner that is efficient, speedy, and impartial;

"To allow freedom for the healthy growth of trade unions, while respecting the legitimate rights of individual workers, their employers, and the general public;

"To work to the end that there be less rather than more government interference in labor-management affairs."

President Eisenhower said that he intended to send his "own suggestions to the Congress at the opening of its session in January."

CONVENTION OKAYS AFL-CIO NO-RAID PACT

The convention approved the no-raid pact negotiated by the AFL-CIO unity committee. The pact scheduled to go into effect January 1, 1954, must also be approved by the CIO at its annual convention. In addition, only those national unions in either AFL or CIO that sign the pact are covered by it. This means

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AFL Membership

The AFL entered its 1953 convention with the largest membership in its history—8,654,921. This figure is based on per capita tax payments to the AFL. "But even this new high," says the *AFL News-Reporter*, "is already outdated." AFL President George Meany, the publication says, is expected to reveal a substantial increase in the membership total "due to upward revision of per capita payments by affiliated unions." To give an example of how this total may jump, the Teamsters' union paid an AFL per capita tax for the year ending June, 1953, on a membership of 650,000. His union's AFL per capita payments, says Teamster President Dave Beck, will be increased to cover 1,367,000 members.

The following is the yearly AFL per capita membership for the past twenty years:

Year	Membership	Year	Membership
1934	2,608,011	1944	6,806,913
1935	3,045,347	1945	6,931,221
1936	3,422,398	1946	7,151,808
1937	2,860,933	1947	7,577,716
1938	3,623,087	1948	7,220,531
1939	4,006,354	1949	7,241,290
1940	4,247,443	1950	7,142,603
1941	4,569,056	1951	7,846,245
1942	5,482,581	1952	8,098,302
1943	6,564,141	1953	8,654,921

Recent Developments in Restricted Stock Option Plans

IN 1950, Congress passed a law which gave certain tax advantages to executives participating in a stock option plan, provided that the plan met the conditions outlined in the act.¹ This legislation greatly stimulated the growth of these plans. By early 1953, it was estimated that over 325 companies listed on the New York Stock Exchange had these restricted stock option plans in operation. In a few instances, rank-and-file employees have been granted the privilege of participating in these stock option arrangements. But for the most part, options have been granted only to the upper echelon of management.

STOCKHOLDERS' SUITS

Executive stock option plans have not had smooth sailing in some of the big companies during the past three years. Stockholders have brought suits challenging the validity not only of the plans themselves, but also of the amounts of stock allocated to specific individuals. In fact there are a number of different points in the operation of a stock option plan where a stockholder may possibly bring suit. This factor has impeded the smooth functioning of a number of plans.

Some authorities believe that the stock option plan should not be subject to individual stockholders' suits, once the plan has received approval from the majority of stockholders. They contend that the board of directors is in a definitely more advantageous position to judge the worth of an executive's service than a judge and jury in a court trial held as a result of a stockholder's suit. Why, they ask, should the operation of the stock option plan be subject to stockholders' suits any more than letting the board decide on issuing stock for general company purposes. The latter practice has long been accepted by the courts.²

A Delaware law recently enacted has for its purpose the strengthening of the authority of boards of directors in the adoption and operation of executive stock option plans, and the reduction in the possibility of stockholder suits. The new law presumably confers on the boards of directors in companies incorporated in Delaware the power to fix the terms and the price at which the option is granted. It states in part:

"In the absence of actual fraud in the transaction, the judgment of the directors as to the consideration for the

Definition of Stock Options

UNDER a stock option plan, the individual is offered a definite amount of stock at a specified price. But he is usually granted an extended period in which to take up the offer. He is under no obligation to purchase the securities unless it is to his advantage.

A restricted stock option plan is one which complies with Section 130A of the Internal Revenue Code. Under the provisions of the code, a tax is not imposed when the option is exercised, but only when the stock is disposed of. Moreover, under certain conditions, outlined below, these gains are taxed as long-term capital gains, and not as personal income.

Briefly, the conditions under which these restricted stock options may be granted as specified by the Internal Revenue Code are as follows:

- If the option price is set at not less than 95% of the fair market value of the stock, the profits arising out of the sale of the optioned stock will be taxed as long-term capital gains.
- If the option price is less than 95% but at least 85% of the fair value, then the difference between the purchase and market value is taxable as personal income, while gains above the market value are taxed as capital gains when the employee sells the stock.
- The employee must not dispose of the stock within two years of the granting of the option, and the stock purchased under the option must be held for a period of not less than six months.
- The optionee must be an employee of the corporation, or of a subsidiary or parent corporation.
- If he ceases to be an employee he must exercise the option within three months after leaving the company.
- The option may not be transferred by the individual except by will or the laws of descent and distribution, and is exercised, during his lifetime, only by him.
- The employee must not own stock possessing more than 10% of the total combined voting power of all classes of stock of the company, or of its parent or subsidiary corporation.
- The rules governing restricted stock options apply to options granted, modified, extended or renewed after December 31, 1946, and exercised after 1949.

¹ Revenue Act of 1950, Section 218.

² V. Henry Rothschild II, *Business Week*, August 8, 1953, p. 99.

Main Provisions of Executive Stock Option Plans

Code Number, Industry, Number of Employees	Administration of Plan	Eligible Employees	Method of Assigning Shares	Number of Option Shares; Percentage of Outstanding ^a	Source of Stock	Frequency of Offerings	Option Price	Term of Option	Provisions for Exercising Options; Terms of Payment
1. <i>Chemicals</i> 5,000—10,000 employees	Committee of 3 or more nonparticipat- ing directors	Executive employees earning \$25,000 or more per annum or executives earning less than \$25,000 but recommended by committee and approved by B. of D. May not be within 3 years of normal retirement ²	Distribution recommended by committee and approved by B. of D. Maximum to individual, 10% of aggregate number of shares	200,000 8—9%	Unissued or reac- quired stock	From time to time	\$26.67 per share or 95% of price on date of granting option, whichever is higher	No option granted after 12/22/58. Maximum, 10 years; 10 years; minimum, 5 years	After 18 months, ex- ercise price of 12 1/2% of shares annually Terms: Payment in full
2. <i>Chemicals</i> Over 10,000 employees	Committee of 3 or more nonparticipat- ing directors	Regular employees including officers, selected by committee. Maximum number to be granted options, 1953	Committee to determine. Maximum to individual, 7,500 shares	150,000 1—3%	Unissued stock	One half of shares in initial offering; remainder from time to time	Not less than 95% of fair market value on date of granting option. (Mean of high and low prices)	No option granted after 4/30/58. Maximum, 10 years	In whole or in part, minimum 15 shares Terms: Payment in full Company not to loan money for this purpose
3. <i>Shoes</i> Over 10,000 employees	Committee of nonparticipating directors	Employees, including officers and directors, under 60 years of age selected by committee	Committee to determine	50,000 7—8%	Unissued stock	From time to time	Not less than mini- mum price on day preceding granting of option	Ten years	10 annual equal in- stallments beginning 31 months from date of acceptance— Terms: Payment in full
4. <i>Machinery</i> 1,000—5,000 employees	Committee of 3 or more nonparticipat- ing directors	Officers or other key executives less than 60 years of age ³ selected by committee	Committee to determine. Maximum to individual, 2,500 shares	25,000 5—6%	Unissued stock	From time to time	Not less than 95% of closing sale price on date of granting option	Ten years	From time to time Terms: Payment in full
5. <i>Machinery</i> 1,000—5,000 employees	Committee appointed by board of directors	Selected by B. of D. Except- tion: president. Intention to favor younger executive employees	Committee to determine. Maximum to individual, 8% of total shares	50,000 5—6%	Unissued or reac- quired stock	From time to time	B. of D. to deter- mine	Not stated	Not stated
6. <i>Metal Products</i> 1,000—5,000 employees	Chairman of company	Officers and key executives selected by chairman	Chairman to determine.	30,000 4—6%	Unissued or treasury stock	From time to time	Not less than 95% of highest price on date of granting option	Five years	After 6 months, 25% o shares, next 6 months, 25% of shares, next 6 months, 50% of shares Terms: Not stated
7. <i>Metal Products</i> 1,000—5,000 employees	Board of directors	Officers and key employees selected by B. of D. ⁴	Determined by B. of D. (in multiples of 25 shares)	15,000 2—5%	Unissued	From time to time	Not less than 95% of market value on date option granted	Five years	In whole or in part, Terms: Payment in full
8. <i>Machinery</i> Over 10,000 employees	Committee of 5 or more nonparticipat- ing directors	Key employees selected by committee	Committee to determine. Maximum to individual, 15,000 shares in the aggregate	1,400,000 4—5%	Unissued or treasury stock	From time to time	Closing price on date of granting option	Eleven years	In equal annual in- stallments up to ten years, but not beyond age 65 Terms: Payment in full
9. <i>Machinery</i> 1,000—5,000 employees	Committee of 3 or more nonparticipat- ing directors	Salaried officers and key executives, ⁵ selected by committee	Committee to determine. Maximum to individual, 30% of total shares	35,000 7—8%	Unissued or reac- quired stock	From time to time	Not less than 95% of market value on date of granting op- tion. (Average mean between high and low)	Ten years, but not later than 65 birthday; no options granted after 1/15/53	Half of stock in equal annual installments during first 5 years; remainder anytime during next 5 years. If participant reaches age 65 in first 5 years, all stock must be exercised Terms: Payment in full

Code Number, Industry, Number of Employees	Administration of Plan	Eligible Employees	Method of Assigning Shares	Number of Option Shares; Percentage of Outstanding ¹	Source of Stock	Frequency of Offerings	Option Price	Term of Option	Provisions for Exercising Options; Terms of Payment
10. <i>Rubber</i> 1,000—5,000 employees	Committee of 3 or more nonparticipat- ing directors	Employees selected by com- mittee. Maximum partici- pant at any one time, 30	Committee to determine. Maximum to individual, 6,000 shares	60,000 5—6%	Unissued	From time to time	Not less than 95% of price on date of granting option	Minimum 5 years; maximum 10 years	Option shares divided into at least 4 install- ments. Not to be exercised for 1 year. Terms: Payment in full
11. <i>Textiles</i> 1,000—5,000 employees	Committee of 3 or more nonparticipat- ing directors	Officers and key employees selected by committee. ² Maximum number of partici- pant, 35	Committee to determine. Maximum to individual, 10,000 shares	90,000 5—6%	Not stated	From time to time	Not less than market value on date of granting option	Seven years	Committee to determine
12. <i>Rubber</i> 1,000—5,000 employees	Committee of 3 or more nonparticipat- ing directors	Key employees and officers ⁴ selected by committee. Not more than 25 options out- standing at any one time, of which 11 will be for officers, and 14 for other key employees	Committee to determine. Maximum to individual, 2,600 shares	25,000 10%	Unissued stock, treasury	From time to time	Not less than 95% of price of stock on date of granting option	Ten years	Must wait one year before exercising option. 95% of price on date of granting option, and of year, then 85%. Payment in full Terms: Payment in full
13. <i>Machinery</i> 1,000—5,000 employees	Committee of 3 or more nonparticipat- ing directors	Officers, executives and key employees ² , selected by com- mittee. Maximum number to be granted options, 20	Committee to determine. Maximum to individual, 50% of total shares	50,000 11%	Unissued stock	From time time	95% of price on date of granting option	Ten years; no option granted after 5/31/53	2% of optioned shares for each month. Bought in multiples of 100 Terms: Payment in full
14. <i>Public Utility</i> Over 10,000 employees	Committee of 3 or more nonparticipat- ing directors	Key management personnel ³ , selected by committee, ex- cluding employees over 65 years of age	Committee to determine. Maximum to individual, 10,000 shares	150,000 6—7%	Not stated	From time to time	Not less than highest market price on date of granting option	Options expire 12/31/59	In whole or in part, after 2 years Terms: Payment in full
15. <i>Machinery</i> 1,000—5,000 employees	Committee of 3 or more nonparticipat- ing directors	Executive and administrative employees selected by com- mittee. Number holding op- tions at any one time not to exceed 50	Committee to determine. Maximum to individual, 5,000 shares	100,000 4—5%	Unissued stock	From time to time	Not less than 95% of highest price on date option is granted	Ten years; no option granted after 12/31/60	After one year, ex- ercised in whole or in part but not less than 50 shares Terms: Payment in full
16. <i>Public Utility</i> 5,000—10,000 employees	Committed of 3 nonparticipating directors	Officers and other key employees, selected by committee ³	Committee to determine. Maximum to individual, 10,000 shares	100,000 4—5%	Unissued stock	From time to time	Not less than 95% of closing price of stock on date option is granted	Ten years	In whole or in part Terms: Payment in full
17. <i>Public Utility</i> 1,000—5,000 employees	Committee of 3 or more nonparticipat- ing directors	All regular full-time officers and employees with one or more years of service ⁴	Committee to determine. Maximum equal to 10% of annual base salary or wage to maximum of 2,000 shares during entire period of plan	50,000 2—3%	Unissued stock	From time to time	Not less than 85% of closing price of stock on date option is granted	No option granted after 5/1/58	After one year Terms: Within 3 months must pay at least 10% of purchase price. Payment must be completed in 18 mos., after option exercised. ⁵
18. <i>Amusements</i> Under 1,000 employees	Committee of 3 nonparticipating directors	Regular employees ² including officers, under age 60, selected by committee	Committee to determine. Maximum to individual, 25,000 shares	150,000 4—5%	Issued or unissued shares, determined by B. of D.	From time to time	95% of mean of high and low prices on date option is granted	No option granted after 5/7/60. Term of op- tion 7 years or 3 months after age 65	After one year, 20% of shares each year. No shares after 5/7/60. No shares after 5/7/60. Purchased at one time Terms: Payment in full. No loans to optionees
19. <i>Petroleum</i> Over 10,000 employees	B. of D. or committee appointed by B. of D.	Full-time key executives selected by B. of D., under age 65. May include key executives who are directors	B. of D. to determine. Not more than 75,000 shares sold to present directors; total to any one individual, 12,000 shares	350,000 3—4%	Unissued or reac- quired shares, determined by B. of D.	From time to time	Not less than 95% of average of high and low prices on date option is granted	No option granted after 5/7/58. Term of op- tion, 10 years	After 2 years, in whole or in part Terms: Payment in full. No company loans for purchase of stock

¹ Common stock if not otherwise noted.
² Participant to agree to remain in employ of company for three years after option granted.
³ Participant to agree to remain in employ of company for two years after option granted.
⁴ Participant to agree to remain in employ of company for one year after option granted.
⁵ Participant to agree to remain in employ of company for designated period.
⁶ Interest of not less than 4% on unpaid balances. All dividends declared on stock
to be applied to payment of stock and interest.

issuance of such rights or options and the sufficiency thereof shall be conclusive.”¹

The enactment of this law is particularly significant, because many large companies are incorporated in Delaware. Already Montana has placed a similar measure on its books, and there are reports of agitation for this type of legislation in other states.

Another factor that may influence the future of stock option plans is the removal of salary stabilization regulations, which were somewhat more stringent than the conditions imposed by the federal restricted stock option law, as will be discussed later.

Turning now to the actual details of stock option plans, do present-day plans differ materially from those adopted soon after the federal law was enacted? The objective of this article is to try to find the answers to this question. THE CONFERENCE BOARD in 1951 made a study of executive stock ownership plans,² with particular emphasis upon stock option plans that complied with the provisions of the federal act. In all, eighty-six of these restricted option plans were analyzed.

As a basis for the present comparison, proxy statements of many companies were scanned for new plans that had been submitted to stockholders since January 1, 1953. In all, twenty restricted stock option programs were uncovered.

The companies in which these plans operate represent a fairly good cross section of American industry, both as to industrial classification and size of establish-

¹ Amendment to Section 157 of Title 8 of the Revised Code of Delaware.

² “Executive Stock Ownership Plans,” *Studies in Personnel Policy*, No. 120.

ment (see box). While nearly 350,000 persons are employed in these twenty companies, more than half of the concerns (twelve) employ between 1,000 and 5,000 persons. But the five companies with more than 10,000 employees account for nearly 90% of the total employment.

Industries in which more than one plan is found are: chemicals, machinery, metal products, public utilities and rubber. An analysis of the main provisions of nineteen of these twenty stock option plans is given in the tabulation starting on page 366.

FEATURES OF NEW PLANS

It was brought out in the 1951 survey of THE CONFERENCE BOARD that in some respects the provisions of the restricted stock option plans, as submitted to stockholders, were frequently vague, with the task of spelling out the details left to the board of directors. Present-day plans are even more vague than their predecessors.

A considerable number of the earlier proposals specifically named the officials to be included and the number of shares to be allocated to each. None of the present plans are so specific. The executives who are to participate, the number of shares that they may receive, and even the price of the option stock is left to the administrators of the plan to determine, although most plans provide for restrictions on the maximum shares that may be assigned to an individual and on the option price of the stock.

Administration of the Plan

Because so many provisions of the plan are not outlined in detail, more responsibility rests upon the plan's administrators than would be the case in a plan where the rules and regulations governing all phases of its administration are incorporated in a manual.

In nineteen of the twenty plans analyzed, the board of directors has the over-all authority to administer the plan. The other plan delegates this authority to the chairman of the company. Almost all of the plans provide for a committee to handle the day-by-day operation of the program, subject to the approval of the board of directors. The stock option committee is usually composed of three or more nonparticipating directors, appointed by the board of directors.

Option Stock

All the new plans provide for the optioning of common stock, which was the case of plans adopted in 1951. In about half of the companies, the shares for the executives' options are taken from authorized but unissued stock on hand. In the remainder, reacquired stock as well as unissued stock may be used for the options, if approved by the board of directors. The

(Continued on page 384)

Characteristics of Companies with New Restricted Stock Option Plans

Size of Establishment (Number of Employees)	Companies	Total Number of Employees
Under 1,000	1	250
1,000—5,000	12	34,935
5,000—10,000	2	16,575
More than 10,000	5	297,800
Total	20	349,560

Industrial Classification	Companies	Total Number of Employees
Amusement	1	250
Chemicals	3	37,975
Machinery, including automotive	6	213,068
Metal products	2	5,200
Petroleum	1	48,000
Public utilities	3	23,817
Rubber	2	4,900
Shoes	1	11,500
Textiles	1	4,850
Total	20	349,560

Significant Labor Statistics

Item	Unit	1953							Year Ago	Percentage Change	
		Aug.	July	June	May	Apr.	Mar.	Feb.		Latest Month over Previous Month	Latest Month over Year Ago
Consumer Price Indexes											
(ICB) All Items.....	Jan. 1939=100	183.7	r 182.3	181.2	r 180.2	179.4	179.5	179.0	182.6	+0.8	+0.
Food (b).....	Jan. 1939=100	234.0	r 233.3	231.3	228.5	227.4	o 229.1	m 228.7	243.9	+0.3	-4.
Housing.....	Jan. 1939=100	132.2	131.7	131.3	131.0	128.9	128.9	128.8	125.5	+0.4	+4.
Clothing.....	Jan. 1939=100	150.8	150.8	150.9	150.8	150.7	150.8	150.6	150.5	0	+0.
Men's.....	Jan. 1939=100	167.8	r 167.8	167.9	167.8	167.4	167.5	167.7	167.9	0	-0.
Women's.....	Jan. 1939=100	136.3	136.4	136.4	136.4	136.4	136.6	136.1	135.7	-0.1	+0.
Fuel.....	Jan. 1939=100	139.6	r 138.9	138.4	r 138.6	140.7	140.9	140.8	135.8	+0.5	+2.
Electricity.....	Jan. 1939=100	93.4	93.4	93.4	93.4	93.4	93.4	93.4	93.2	0	+0.
Gas.....	Jan. 1939=100	104.9	r 104.5	r 104.3	r 104.3	104.2	104.0	103.8	102.8	+0.4	+2.
Housefurnishings.....	Jan. 1939=100	163.4	164.0	164.0	164.5	164.5	164.7	164.6	165.1	-0.4	-1.
Sundries.....	Jan. 1939=100	183.3	r 179.6	178.5	r 178.2	177.8	175.9	175.0	173.0	+2.1	+6.
Purchasing value of the dollar.....	Jan. 1939 dollars	54.4	54.9	55.2	55.5	55.7	55.7	55.9	54.8	-0.9	-0.
BLS) All Items.....	1947-1949=100	115.0	114.7	114.5	114.0	113.7	113.6	113.4	114.3	+0.3	+0.
Old Series.....	1935-1939=100			a 190.9	a 188.8	a 188.3	a 188.8	a 188.6	192.8		
Employment Status ²											
Civilian labor force.....	thousands	64,648	64,668	64,734	62,964	62,810	63,134	62,712	63,958	n	+1.
Employed.....	thousands	63,408	63,120	63,172	61,658	61,228	61,460	60,924	62,354	+0.5	+1.
Agriculture.....	thousands	7,274	7,628	7,926	6,390	6,070	5,720	5,366	6,964	-4.6	+4.
Nonagricultural industries.....	thousands	56,134	55,492	55,246	55,268	55,158	55,740	55,558	55,390	+1.2	+1.
Unemployed.....	thousands	1,240	1,548	1,562	1,306	1,582	1,674	1,788	1,604	-19.9	-22.
Age Earners ¹											
Employees in nonagr'l establishm'ts.....	thousands	p 49,400	r 49,198	r 49,397	r 49,058	48,860	48,685	48,369	48,158	+0.4	+2.
Manufacturing.....	thousands	p 17,217	r 17,037	r 17,145	r 17,040	17,077	17,135	17,013	16,280	+1.1	+5.
Mining.....	thousands	p 826	r 826	837	831	835	846	856	893	0	-7.
Construction.....	thousands	p 2,708	r 2,658	r 2,603	r 2,509	2,416	2,301	2,280	2,312	+1.9	-3.
Transportation and public utilities.....	thousands	p 4,338	r 4,342	r 4,315	r 4,279	4,244	4,235	4,210	4,258	-0.1	+1.
Trade.....	thousands	p 10,369	r 10,365	r 10,412	r 10,348	10,314	10,284	10,214	10,110	n	+2.
Finance.....	thousands	p 2,078	r 2,074	r 2,049	r 2,025	2,014	1,993	1,977	2,000	+0.2	+3.
Service.....	thousands	p 5,409	r 5,418	r 5,398	r 5,357	5,307	5,225	5,194	5,378	-0.2	+0.
Government.....	thousands	p 6,455	r 6,478	6,638	6,669	6,653	6,666	6,625	6,427	-0.4	+0.
Production and related workers in manuf'g Employment											
All manufacturing.....	thousands	p 13,817	r 13,644	r 13,775	r 13,699	13,758	13,831	13,733	13,069	+1.3	+5.
Durable.....	thousands	p 8,029	r 8,035	r 8,183	r 8,179	8,215	8,211	8,115	7,332	-0.1	+9.
Nondurable.....	thousands	p 5,788	r 5,609	r 5,592	r 5,520	5,543	5,620	5,618	5,737	+3.2	+0.
Average weekly hours											
All manufacturing.....	number	p 40.5	40.4	40.7	40.7	40.8	41.1	40.9	40.5	+0.2	0
Durable.....	number	p 41.1	r 40.9	41.4	41.5	41.6	41.9	41.7	41.0	+0.5	+0.
Nondurable.....	number	p 39.7	r 39.6	39.6	39.5	39.5	40.0	39.8	39.9	+0.3	-0.
Average hourly earnings											
All manufacturing.....	dollars	p 1.77	1.77	1.76	1.76	1.75	1.75	1.74	1.66	0	+6.
Durable.....	dollars	p 1.88	1.88	1.87	1.86	1.86	1.85	1.85	1.76	0	+6.
Nondurable.....	dollars	p 1.61	1.61	1.60	1.60	1.59	1.59	1.58	1.54	0	+4.
Average weekly earnings											
All manufacturing.....	dollars	p 71.69	71.51	71.63	71.63	71.40	71.93	71.17	67.23	+0.3	+6.
Durable.....	dollars	p 77.27	r 76.89	77.42	77.19	77.38	77.52	77.15	72.16	+0.5	+7.
Nondurable.....	dollars	p 63.92	r 63.76	63.36	63.20	62.81	63.60	62.88	61.45	+0.3	+4.
Straight time hourly earnings											
All manufacturing.....	dollars	e 1.72	1.72	1.70	1.70	1.69	1.68	1.68	1.61	0	+6.
Durable.....	dollars	e 1.81	r 1.82	1.80	1.79	1.79	1.77	1.77	1.70	-0.5	+6.
Nondurable.....	dollars	e 1.57	1.57	1.56	1.56	1.55	1.54	1.54	1.50	0	+4.
Turnover rates in manufacturing ¹											
Separations.....	per 100 employees	p 4.9	r 4.3	4.2	4.4	4.3	4.1	3.6	4.6	+14.0	+6.
Quits.....	per 100 employees	p 2.9	r 2.5	2.6	2.7	2.7	2.5	2.2	3.0	+16.0	-3.
Discharges.....	per 100 employees	p 0.4	0.4	0.4	0.4	0.4	0.4	0.4	0.3	0	+33.
Layoffs.....	per 100 employees	p 1.3	r 1.1	0.9	1.0	0.9	0.8	0.8	1.0	+18.2	+30.
Accessions.....	per 100 employees	p 4.2	r 4.1	5.1	4.1	4.3	4.3	4.2	5.9	+2.4	-28.

Bureau of Labor Statistics
Bureau of the Census
Adjusted

b Food priced during the week of the fifteenth
m Based on food prices for February 12, 1953
n Less than .05

p Preliminary
r Revised
e Estimated

Group Insurance in Force in the United States and Canada by Years, 1945-52

	Number of Contracts		Number of Employees Insured			Amount of Insurance		
	Total in Force	Index: 1945=100	Total Insured	Index: 1945=100	Average Number of Employees per Policy	Total in Force (000 Dollars)	Index: 1945=100	Average Benefit per Employee (in Dollars)
Group life¹								
Employee coverage								
1945	30,002	100.0	11,329,388	100.0	378	22,426,725	100.0	1,979.52
1947	39,310	131.0	14,932,000	131.8	380	32,194,900	143.6	2,156.10
1949	51,340	171.1	16,983,000	149.9	331	39,944,300	178.1	2,352.02
1951	61,160 _r	203.9 _r	20,894,000 _r	184.4 _r	342 _r	54,233,000 _r	241.8 _r	2,595.63 _r
1952	68,030	226.8	22,873,000	201.9	336	62,592,700	279.1	2,736.53
Dependents' coverage								
1948	150	100.0 _a	79,000	100.0 _a	527	41,400	100.0 _a	524.03
1949	250	166.7 _a	119,000	150.6 _a	476	58,200	140.6 _a	489.08
1950	370	246.7 _a	249,000	315.2 _a	678	123,500	298.3 _a	485.98
1951	450	300.0 _a	367,000	464.6 _a	816	178,000	430.0 _a	485.01
1952	760	506.7 _a	573,000	725.3 _a	754	296,500	716.2 _a	517.45
Group accident and sickness								
1945	23,059	100.0	5,921,360	100.0	257	100,830 _b	100.0	17.03
1947	35,580	154.3	8,377,000	141.5	235	162,100 _b	160.8	19.35
1949	66,400	288.0	10,260,000	173.3	155	228,400 _b	226.5	22.26
1951	203,100	880.8	16,835,000 _r	284.3 _r	83 _r	423,800 _b	420.3	25.17 _r
1952	216,090	937.1	17,623,000	297.6	82	480,400 _b	476.4	27.26
Group hospital expense								
Employee coverage								
1945	20,389	100.0	4,371,350	100.0	214	19,939 _c	100.0	4.56 _c
1947	27,750	136.1	7,110,000	162.6	256	36,300 _c	182.1	5.11 _c
1949	44,760	219.5	8,500,000	194.4	190	50,400 _c	252.8	5.93 _c
1951	64,390	315.8	12,132,000	277.5	188	88,900 _c	445.9	7.33 _c
1952	66,540	326.4	12,959,000	296.5	195	101,500 _c	509.1	7.83 _c
Dependents' coverage								
1945	10,849	100.0	3,432,320	100.0	316	13,914 _c	100.0	4.05 _c
1947	16,050	147.9	7,080,000	206.3	441	32,900 _c	236.5	4.65 _c
1949	31,850	293.6	9,197,000	268.0	289	52,600 _c	378.0	5.72 _c
1951	52,220	481.3	14,531,000	423.4	278	102,000 _c	733.1	7.02 _c
1952	53,690	494.9	16,450,000	479.3	306	122,800 _c	882.6	7.47 _c
Group surgical expense								
Employee coverage								
1945	18,936	100.0	3,948,565	100.0	209	579,081 _d	100.0	146.66 _d
1947	25,610	135.2	6,529,000	165.4	255	959,292 _d	165.7	146.93 _d
1949	44,220	233.5	8,396,000	212.6	190	1,316,700 _d	227.4	156.82 _d
1951	65,540	346.1	12,586,000	318.7	192	2,327,600 _d	401.9	184.94 _d
1952	68,570	362.1	13,617,000	344.9	199	2,709,600 _d	467.9	198.99 _d
Dependents' coverage								
1945	7,350	100.0	1,587,669	100.0	216	207,363 _d	100.0	130.61 _d
1947	11,510	156.6	4,574,000	288.1	397	568,200 _d	274.0	124.22 _d
1949	29,000	394.6	7,194,000	453.1	248	1,061,700 _d	512.0	147.58 _d
1951	49,730	676.6	13,790,000	868.6	277	2,340,100 _d	1,128.5	169.70 _d
1952	53,520	728.2	15,959,000	1,005.2	298	2,904,200 _d	1,400.5	181.98 _d
Group medical expense								
Employee coverage								
1945	2,014	100.0	335,152	100.0	166	n. a.	....	n. a.
1947	4,180	207.5	852,000	254.2	204	n. a.	....	n. a.
1949	8,360	415.1	1,712,000	510.8	205	n. a.	....	n. a.
1951	22,700	1,127.1	4,530,000	1,351.6	200	n. a.	....	n. a.
1952	23,710	1,177.3	5,367,000	1,601.4	226	n. a.	....	n. a.
Dependents' coverage								
1945	508	100.0	97,876	100.0	193	n. a.	....	n. a.
1947	580	114.2	246,000	251.3	424	n. a.	....	n. a.
1949	3,360	661.4	1,024,000	1,046.2	305	n. a.	....	n. a.
1951	12,200	2,401.6	3,416,000	3,490.1	280	n. a.	....	n. a.
1952	16,680	3,283.5	4,748,000	4,851.0	285	n. a.	....	n. a.
Group major medical expense								
Employee coverage								
1952	420	f	289,000	f	688	n. a.	....	n. a.
Dependents' coverage								
1952	400	f	243,000	f	608	n. a.	....	n. a.
Group accidental death and dismemberment								
1945	21,006	100.0	3,709,071	100.0	177	6,407,853 _g	100.0	1,727.62 _g
1947	24,330	115.8	4,979,000	134.2	205	9,801,000 _g	149.8	1,928.30 _g
1949	32,840	156.3	6,669,000	179.8	203	12,975,800 _g	202.5	1,945.69 _g
1951	48,920	232.9	9,470,000	255.3	194	19,539,400 _g	304.9	2,063.29 _g
1952	53,570	255.0	10,678,000	287.9	199	22,053,300 _g	344.2	2,065.30 _g

¹ Not including group indebtedness or wholesale life

_a 1948=100

Source: Compiled from annual reports of the Life Insurance Association of America

_b Weekly benefit

_c Daily benefit

_d Maximum surgical benefit

_f Figures not collected prior to 1952

_g Principal sum

_r Revised

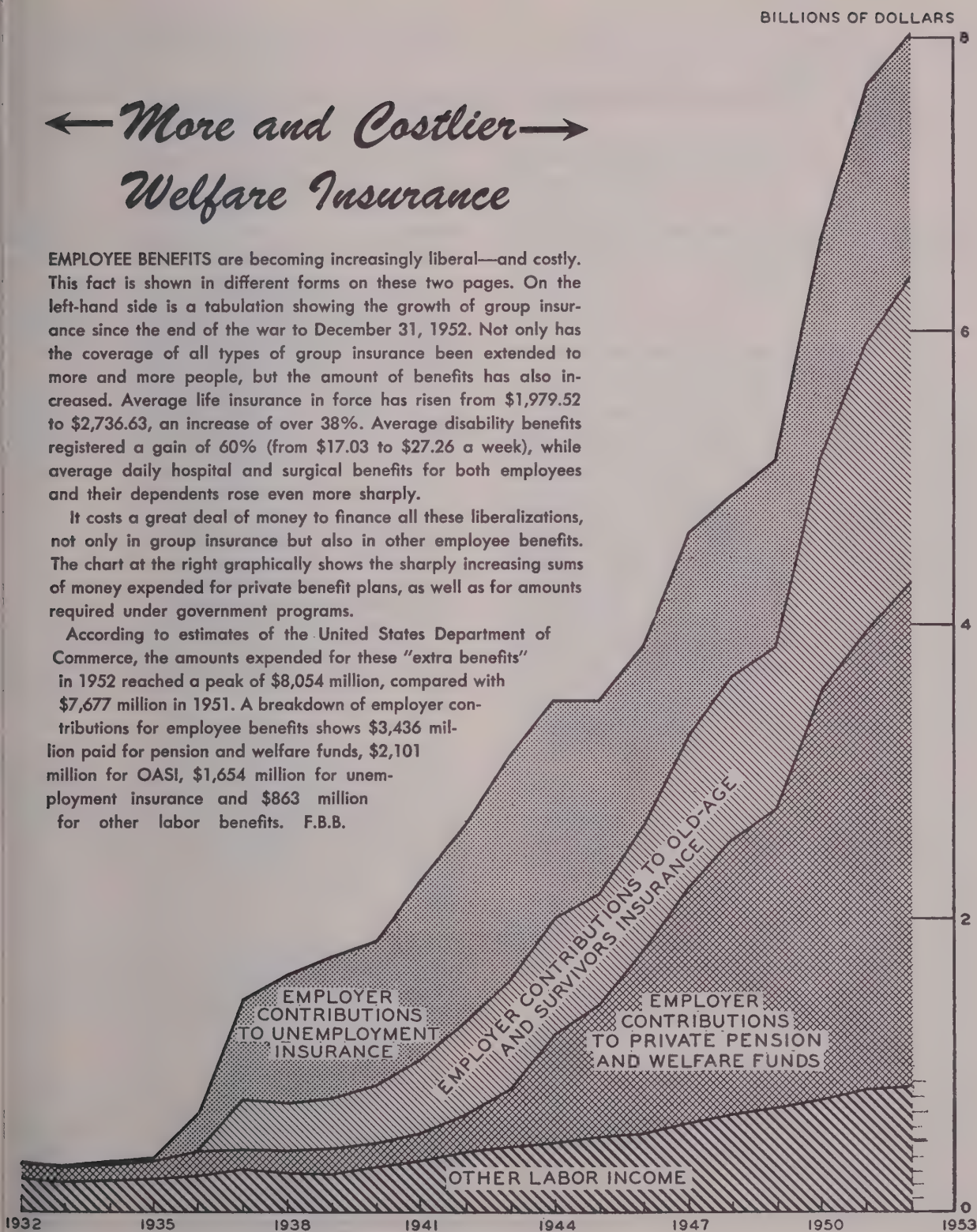
n. a. Not available

← More and Costlier → Welfare Insurance

EMPLOYEE BENEFITS are becoming increasingly liberal—and costly. This fact is shown in different forms on these two pages. On the left-hand side is a tabulation showing the growth of group insurance since the end of the war to December 31, 1952. Not only has the coverage of all types of group insurance been extended to more and more people, but the amount of benefits has also increased. Average life insurance in force has risen from \$1,979.52 to \$2,736.63, an increase of over 38%. Average disability benefits registered a gain of 60% (from \$17.03 to \$27.26 a week), while average daily hospital and surgical benefits for both employees and their dependents rose even more sharply.

It costs a great deal of money to finance all these liberalizations, not only in group insurance but also in other employee benefits. The chart at the right graphically shows the sharply increasing sums of money expended for private benefit plans, as well as for amounts required under government programs.

According to estimates of the United States Department of Commerce, the amounts expended for these "extra benefits" in 1952 reached a peak of \$8,054 million, compared with \$7,677 million in 1951. A breakdown of employer contributions for employee benefits shows \$3,436 million paid for pension and welfare funds, \$2,101 million for OASI, \$1,654 million for unemployment insurance and \$863 million for other labor benefits. F.B.B.



"Good Salesmen Don't Just Happen"

Highlights from the Board's survey of 140 companies on salesmen recruiting, selection and training are given here¹

THE RECRUITING and training of effective salesmen, always a tough problem to lick, has taken on immediate urgency as:

- Expanded productive capacity sharpens selling competition: and
- Manufacturers mount selling campaigns that will put more salesmen in the field.

Where are these new salesmen coming from? The best single source, according to the 140 manufacturing companies participating in THE CONFERENCE BOARD'S survey, are colleges and universities. Over half of these firms recruit new sales personnel on the campus. This is especially true in the chemical, machinery, and metallurgical industries, where a major portion of the salesman's time may be spent working with customers on technical development and application problems. And in these industries "it has been the custom to hire as many men with engineering degrees as possible."

Sixty companies find good sales material within their own organizations. About one third of the cooperating companies (forty-five) advertise for sales help in newspapers and trade magazines, but in only two cases is this the principal source for recruiting salesmen.

Salesmen presently employed and other personnel within the company provide leads on possible new additions to the sales force in forty-two companies. In one chemical firm, "the entire top management has put great importance on selection of salesmen," since it feels that "they are in fact 'The Company' to many people in the field."

Some of the better known companies fill part of their sales force requirements by screening unsolicited applications for employment. Thirty-one companies report obtaining some of their salesmen in this fashion. Most companies do not rely too heavily on employment agencies to recruit sales help, only twenty-two companies reporting the use of such services. Other sources mentioned include hiring successful dealers and distributors. An apparel manufacturer reports: "Men who have had successful retail experience with our merchandise, know our company and our salesmen" are a potential source. Others are referrals by customers; trade associations; and management consultants'

referrals. Only a handful of companies report hiring competitors' salesmen in any significant numbers.

SALESMAN LURE—A GOOD NAME

How to attract the best qualified sales personnel? One producer of specialized industrial machinery describes his company's policies as follows:

"Developing a good name within the industry for employee relations, pay, working conditions, etc. certainly helps in the recruitment of all employee classifications."

The following check list is suggested by an instrument and controls executive:

- Standing in our field
- Stability of our operation
- Our history of progress
- General working conditions
- Opportunity for advancement
- Periodic reviews for merit increases in salary

A well-planned, thorough-going sales training program is itself often a strong selling point in attracting would-be sales recruits.

CHOOSING THE BEST

Most of the companies cooperating in this month's survey spend considerable time and effort in selecting the best qualified men for sales work. The majority have established screening systems. The principal sales personnel selection techniques used by 112 co-operators are:

	Number of Companies
Personal interviews	79
Aptitude and other tests	49
Investigation of references	26
Application blank analysis	16
On-the-job evaluation	11
Physical examinations	4
Miscellaneous	20

Usually a combination of two or more methods is used to avoid "blind spots" in the selection process.

An example of this multiple approach is the description of the procedures followed by a food manufacturer:

"We have established a set of standards for salesmen in our organization based upon an analysis of the successful men in our sales group. After preliminary screening either

¹ For the complete detailed story, see *The Business Record*, October, 1953, p. 388.

in the field or in the headquarters office through study of the sales application and interview, an applicant is given a battery of tests. Subsequently, the results of the tests are studied. If the preliminary interview and the testing indicate the individual may have possibilities, he is then interviewed by officers of the company and key personnel in the various divisions and departments. If the majority of the interviewers consider the man qualified, he is offered a position on a probationary basis."

AFTER MANY MONTHS—A SALESMAN

It takes a long time to turn out a good salesman, many companies report. Forty-three per cent of the cooperating companies give sales trainees at least one year's training, prior to full-time selling assignments. This is especially true of the metal products industries, where specialized product knowledge is often essential.

Formal sales training programs are in existence at sixty-four out of 128 reporting companies, and generally cover these broad areas: (1) indoctrination in all phases of company operation; (2) product knowledge; and (3) selling techniques. Usually they are in that order.

Many cooperators report that field training and on-the-job assignments naturally play an important part in their sales training program. Other cooperators place considerable emphasis on classroom work.

While companies with large sales forces often employ full-time professional sales training staffs, companies which hire relatively few new salesmen each year usually place the orientation and training of salesmen under the personal guidance of their sales executives.

MAINTAINING SALESMEN'S EFFECTIVENESS

About two out of three cooperating companies report maintaining some form of continuing training for experienced salesmen. The frequency, length and formality of such "refresher" training vary considerably from company to company, but the basic objectives are about the same. These are "to keep the sales organization interested in their work and well informed on company products, sales policies, and the best ideas of sales promotion."

Some companies go one step further in their salesmen's training activities, as in the case of a petroleum producer who has developed an "employee development program, designed to help a man improve himself in his present position and also for promotion."

THE PROOF IS IN THE SELLING

Most companies in this month's survey (100 out of 140) report maintaining a more or less continuous check on the results of their salesmen recruiting, selection and training programs. Some companies judge the effectiveness of their methods simply by the performance of salesmen in the field. According to one food manufacturer:

Length of Salesmen's Training Periods

Time Required	Metal Industries	Nonmetal Industries	Total
	Number of Companies		
Less than one month.....	4	5	9
One to three months.....	7	8	15
Three to six months.....	5	1	6
Six months to one year.....	5	2	7
One to two years.....	13	3	16
Two to three years.....	4	1	5
Three to four years.....	4	0	4
Four to five years.....	0	0	0
Five years and over.....	3	0	3
Total.....	45	20	65

"The only accurate method we have found to check results is the record of business produced and the reactions of customers. We have found that our customers are the best check, because, if in their opinion the man provides service, guidance and merchandising interest in their problems, then he can be considered a success."

Other firms rely on periodic evaluation by supervisors. To aid management in evaluating sales performance, one producer of specialized industrial machinery reports: "Sales records, merit ratings and territorial efficiency comparisons are used regularly." Other companies, including one office equipment manufacturer, rely on "a sales quota system, which is a true test of the effectiveness of our selection program. Every selling man has a quota. Every branch has a quota, and every division carries its share of the company quota." In some companies, evaluation of the sales force is accomplished by personal observation. An apparel manufacturer writes:

"We check our recruiting, selection and training by several methods.

"We check our turnover figures and watch the trend. An improvement may indicate a better job; an increase in turnover may indicate that we are slipping in these areas.

"We watch the sales performance as compared to other men. If the figures are strong, we feel we're doing a fair job; if the figures are weak, maybe our recruiting, selection, and training are weak.

"Work performance appraisal by our sales managers is another method. A study of the appraisals indicates our weaknesses and our strengths.

"Interviews by members of the personnel relations department with salesmen indicate areas bothering the salesmen and the level of morale. These interviews sometimes indicate how we're doing in recruiting, selection and training.

"Exit interviews and study of the results are also a guide. Of course, we attempt to keep cognizant of the fact that there is always room for improvement."

SOLOMON ETHE

G. CLARK THOMPSON

Division of Business Practices

NEW NLRB — NEW POLICIES?

WITH THE prospect for the first time in eighteen years of a Republican-appointed majority on the National Labor Relations Board, labor and management are closely reading the dissenting opinions of NLRB Chairman Guy Farmer, President Eisenhower's first appointee. They see in them clues to the policy likely to be carried out by the new NLRB.

Chairman Guy Farmer, while still the sole Eisenhower appointee on the board, took part in a number of key NLRB decisions.

One of the important cases in which he dissented was the Southeastern Rubber Manufacturing Company case. In it the NLRB majority held that the union's authorization cards, and not the NLRB's election, are what determine whether a union is to be the majority representative.

The union in the case was the CIO Rubber Workers which submitted to the employer the authorization cards it used in organizing the plant. The cards were signed by ten of the fourteen workers then employed. The company and the union then agreed to an NLRB "consent" election to determine whether the union represented a majority of the employees. The election was held six weeks later. The union lost the NLRB election by a vote of six to thirteen.

Upon losing the election, the union charged that the employer had engaged in unfair labor practices in the six-week period between the union's submission of its authorization cards and the NLRB election. An NLRB majority consisting of board members John M. Houston, Paul L. Styles and Ivar H. Peterson, upheld the union and set aside the NLRB election. The majority then went one step further and held that the union's authorization cards constituted evidence of majority representation and ordered the employer to bargain with the union. The majority held that "election results adverse to the union do not vitiate the union's majority secured prior to the respondent's [company's] unlawful and improper conduct."

NLRB Chairman Guy Farmer was the lone dissenter. He held that the authorization cards did not constitute sufficient evidence, in the face of the union's loss of the election, to establish the union's status as the choice of a majority of employees. In his dissent, Chairman Farmer said:

"In its first communication to the respondent [company], the union acknowledged the propriety of holding a board-

conducted election by suggesting either immediate recognition or an election. By consent agreement with the respondent, the election was subsequently held, under board auspices, and the union lost, six to thirteen. The board is now asked to disregard this evidence of the union's lack of strength, obtained by secret ballot, and to accept instead the membership application cards solicited by union representatives during the organizational campaign and placed in evidence at the hearing.

"It is not, nor could it be, claimed that on the foregoing facts alone the board should hold the respondent [company] guilty of refusing to bargain with the *majority* representative of its employees. Signatures to applications for union membership, obtained in the course of personal discussions of the pros and cons of collective bargaining, are unreliable as evidencing the employees' considered desires. It is for this basic reason that the statute provides for government-supervised tests of the employees' choice, and it it seems to me plain that, except in extraordinary circumstances, we ought not substitute a doubtful test for a conclusive one."

Holds Card Check Unreliable

In the Brown Truck case board Chairman Guy Farmer, again the sole dissenter, stressed the unreliability of union authorization cards as evidence of majority representation. In this case, the Brown Truck and Trailer Manufacturing Company moved its ammunition-box factory from Charlotte, N. C. to Monroe, N. C., thirty miles away. The CIO Automobile Workers represented the employees at the Charlotte location, but not at Monroe. The NLRB majority ruled that the company violated Section 8 (a) (5) of the Taft-Hartley Act by failing to inform the union that the plant would be reopened in another city.

The majority, consisting of board members John M. Houston and Ivar H. Peterson, ruled that the employer's failure to advise the union of the move deprived the union of the opportunity to bargain about the possible transfer of employees from the old plant to the new one.

Despite the finding of an illegal refusal to bargain, the majority of the board did not order the company to bargain with the UAW-CIO at the Monroe plant because the union had made no showing that it represented the employees at the Monroe plant. However, the board ordered the company to bargain with the union as the authorized representative of the Charlotte employees on the limited subject of arranging for the

possible transfer of the employees from the Charlotte plant to the present operations at Monroe.

NLRB Chairman Farmer dissented solely on the ground that the union's majority status at the Charlotte plant could not be held to have been established merely by a showing of authorization cards signed by employees. Accordingly, he would have dismissed the complaint that the employer had refused to bargain. In this case, the chairman also cited the fact that the union and the employer had agreed to the holding of a board election, but the election was not held because of the shutdown at the plant.

In his dissent, Mr. Farmer said:

"As proof of its majority representation the union offered in evidence signed authorization cards. But such cards are an unreliable method of determining majority status of a union. . . . Because of this fact and the ready availability of the board's election machinery to determine the majority issue, the board has turned more and more to the use of the secret ballot as the most conclusive and satisfactory method for determining whether or not a union's claim to majority status is well founded. In this case, the union and the employer agreed to a consent election, thus evidencing their desire to have the issue of the union's majority status decided at the polls. The election was never held because of the shutdown of the plant, and consequently, in my view, the union never properly established its right to represent the Charlotte employees. Since a finding of exclusive representation rights is a statutory prerequisite to a finding of refusal to bargain, I see no basis for finding a violation of Section 8 (a) (5).

"In reaching this conclusion, I am mindful of the board and court decisions which hold that a board election is not the exclusive means of determining a union's majority status, and that the union membership cards may, under certain limited circumstances, constitute sufficient evidence under the statute to demonstrate that a union is the majority representative. But I am of the opinion that reliance upon such secondary evidence—demonstrably less dependable than a secret ballot election—should be limited to extraordinary circumstances such as where employer has, in an effort to avoid his obligations under the statute, engaged in unlawful conduct dissipating the union's membership and making it impossible to hold a free and uncoerced election.

"I feel that we must be on guard lest we apply this principle too readily and so routinely as to undermine our election machinery and to deprive employees of their freedom to choose their bargaining agent in a manner which can leave no doubt as to their real choice—a secret ballot election."

Would Widen State Jurisdiction

In a third lone dissent, Chairman Farmer took exception to the majority reaffirmation of the NLRB's jurisdiction over a small automobile retailer. He said that the state labor relations board could better handle the labor dispute of a small automobile retailer and garage owner.

The case involved Klinka's Garage at West Bend, Wisconsin, and the AFL Automobile Worker's Union. The board found that John A. Klinka, operator of the garage, had interfered with the right of his employees by discharging two employees, by questioning other employees, and by threatening employees with discharge. The board ordered him to reimburse the two discharged employees for any loss in pay they suffered and to cease his other illegal activities. The majority opinion was signed by board members John M. Houston and Ivar H. Peterson.¹

NLRB Chairman Guy Farmer in his dissenting opinion said:

"I would not assert jurisdiction over this small employer. Without purporting to be able to state with complete assurance whether or not the broad sweep of the board's jurisdiction under the statute extends so far as to reach this small local businessman, I would not, as a matter of administrative self-restraint, exercise the authority which we may have over his employer-employee relationships.

"The respondent is a small automobile and truck distributor and garage owner who employs at most two garage mechanics and who, with the aid of his wife, manages and works in his own garage. He imports about \$62,000 worth of motor vehicles and accessories annually and sells them in and around the little town of West Bend, Wisconsin, where his business is located. He has a franchise arrangement with General Motors Corporation.

"The trial examiner has found that under these facts, the respondent is an integral part of the General Motors Corporation multistate enterprise, and, indeed this may in a sense be true. But this small business is an essential part of the operations of General Motors Corporation in precisely the same respect and roughly to the same degree as a single drop of salt water is an essential ingredient of the Pacific Ocean. The time and money necessarily spent in investigating, processing and considering this case have been substantial, and, in my view, could have been better employed in dealing with cases having a more substantial impact on our national life. This seems to me to be particularly so in this case since it happens to arise in Wisconsin, which has long had a state statute and a state board set up for the specific purpose of handling local disputes. I strongly suspect that its more simple machinery is better adapted to handling a local dispute of this kind. Since I would dismiss on this ground, I do not reach and need not consider the merits of the case."

Brooks No Exception to Sound Truck Ban

In his fourth dissent, Chairman Farmer disagreed with the majority's opinion that an NLRB election was valid despite the union's use of a sound truck within earshot of the voting booths. The reasons given by the majority for upholding the election were: the loud speakers were on only a short time, and only a small number of employees were within hearing.

¹ Board members Abe Murdock and Paul L. Styles did not participate in the decision.

This ruling was made in a case involving a New Orleans plant of the shipbuilding firm of Higgins, Inc. The union involved was the AFL Brotherhood of Boilermakers, Local 37. In the election, which was held April 24, 1953, the union polled 506 votes to 182 for no union.

Chairman Guy Farmer and board member Abe Murdock dissented in separate opinions. The majority opinion was signed by board members John M. Houston, Paul L. Styles and Ivar H. Peterson.

Chairman Farmer said in his dissent:

"We are all in agreement that the use of a sound truck by a participant in a board-conducted election to project propaganda into the polling place should be and henceforth shall be prohibited. This, of course, is because this form of electioneering constitutes a clear breach of the board's long-standing rule, which appears in every election notice, against electioneering at or near the polling place. However, since the sound truck was physically outside the voting area and not specifically referred to as interdicted, the majority of the board has decided to let this election stand, particularly, as I understand their view, because the voters were importuned for only twenty min-

utes, while only fifty or sixty employees voted and the sound was silenced upon request of the board agent conducting the election.

"I am wholeheartedly in agreement with prohibiting the use of sound projecting devices since I can think of no more effective means of violating the board's salutary rule against electioneering at the polls. But I would also apply the rule in this case. Our prohibition of the use of sound trucks is not a new rule, but merely a specific application of our existing prohibition against electioneering at or near the polling place, which appeared in the election notice and was therefore known to the parties in the case. The projection by mechanical devices of voice propaganda into the actual voting booths was obviously a deliberate act, not an inadvertent or casual act. Whether intended to violate our rule or not, it clearly had that effect. I do not believe that we should condone or excuse a violation of our published election rules by any party under these circumstances. Nor do I believe that we should attempt to evaluate the impact of the infringement on the employees or to assess the probable influence of the unlawful propaganda on election results. I would set the election aside

JAMES J. BAMBRICK, JR.

Division of Personnel Administration

The New NLRB Majority

Here is how the new majority has come about. On July 13, 1953, Guy Farmer took over the post of Paul Herzog, who resigned as NLRB chairman. The second Eisenhower appointee, Philip Ray Rodgers, took the place of John M. Houston, a Roosevelt appointee, whose term finished on August 26. The third Eisenhower appointee, unnamed as of press time, takes the place of Paul L. Styles who resigned as of August 31. Thus, with the Styles replacement, the three Eisenhower appointees will make up a majority of the five-man board. The two remaining Roosevelt-Truman appointees on the board will be Abe Murdock, Democrat, and Ivar H. Peterson, who was formerly administrative assistant to Senator Wayne Morse, independent, of Oregon.

Background of New Members

Chairman Guy Farmer was born in Wythe County, Virginia, September 12, 1912. He was graduated from West Virginia University in 1934, West Virginia University Law School in 1936, and attended Oxford University, Oxford, England, as a Rhodes scholar from 1936 to 1937. After graduation he was with the NLRB as an attorney in the field and in Washington. From 1943 to 1945 he was associate general counsel of the NLRB. In 1945 he resigned to join the law firm of Steptoe and Johnson (the firm of Louis A. Johnson, former secretary of defense). In 1949 he

became a partner. He is a member of the West Virginia, District of Columbia and American Bar Associations.

Philip Ray Rodgers, President Eisenhower's second appointment to the NLRB, was born in Bountiful, Utah, February 15, 1916. He was graduated from the University of Utah, magna cum laude, in 1939, and one year later received his Master's degree there. In 1940-41 he studied at Stanford University pursuant to an award of the Henry Sewell scholarship. He received his Ph. D. in public administration from American University in 1947, and his LL.B. from George Washington University in 1948.

From 1942 to the present, Mr. Rodgers successively served as secretary to United States Senator James J. Davis of Pennsylvania; assistant professor, political science and public administration, American University; chief clerk, Senate Committee on Labor and Public Welfare in the Eightieth Congress; and minority clerk for the Senate Committee on Labor and Public Welfare in both the Eighty-First and Eighty-Second Congress.

At the time he was appointed to the NLRB, Mr. Rodgers was staff director of the Senate Labor Committee, as well as adjunct professor of political science and public administration at American University. He is known to favor a more strict interpretation of the Taft-Hartley Act.

Briefs on

PENSIONS AND OTHER BENEFITS

Number of Pension Plans Continues To Grow

The Internal Revenue Service reports a substantial increase in 1953 in the number of rulings on pension and profit-sharing plans submitted for approval under Section 165 (a) of the Internal Revenue Code. During the fiscal year ending June 30, 1953, it issued 3,780 rulings, a rate of over 300 a month. Since 1942, the Internal Revenue Service (formerly the Bureau of Internal Revenue) has issued 22,069 rulings on pension and profit-sharing plans. The accompanying tabulation shows the rate of yearly increase in these rulings over the past five years.

Year Ending June 30	Cumulative Number of Rulings	Index of Growth (1949 = 100)
1949	12,865	100.0
1950	13,899	108.0
1951	15,796	122.8
1952	18,289	142.2
1953	22,069	171.5

From this tabulation it will be noted that the biggest jump in numbers of rulings occurred between 1952 and 1953. The trend continues with the Internal Revenue Service ruling on 330 new plans during July, 1953.

The rulings include not only approval of new plans, but also of terminations. From 1942 to June 30, 1953, IRS issued 1,394 rulings on termination. This leaves a balance of 20,675 pension and profit-sharing plans in operation. The data published by IRS do not classify the plans according to type. Consequently it is difficult to determine how many of these are bona fide pension plans and how many are deferred-distribution profit-sharing arrangements.

United Mine Workers Welfare Fund

The Welfare and Retirement Fund of the United Mine Workers reports that it has dispersed \$135,110,-228 to 266,421 beneficiaries during the fiscal year ending June 30, 1953. Total expenditures were \$138,963,-949. Receipts from royalty payments based on tons of bituminous coal mined amounted to \$131,482,786, while the unexpended balance on June 30, 1953, was \$92,024,732. According to the fund's report, the administrative costs were 2.8% of the total expenditures.

Pension benefits of \$58,945,707 were paid to 50,055 retired miners. Almost as much money, \$56,444,329 was distributed in hospital and medical care benefits.

Of these expenditures, 79% were for working miners and their dependents; 8.4% for disabled miners undergoing rehabilitation treatment; 6.5% for retired miners and their wives; 2.2% for destitute and totally disabled miners; and 3.9% for widows and orphans. Expenditures of \$10,456,085 were distributed to the 40,578 widows, orphans and other dependents of deceased miners. Cash benefits to totally disabled miners and their dependents who were in financial distress amounted to \$9,158,815.

Stock Ownership Notes

International Harvester has announced a new stock offering for employees with two or more years of service. This plan has been adopted in response to the many requests of employees, especially since the 1949 stock purchase plan is now drawing near completion. The stock is offered at \$25 a share, and the maximum subscription is limited to an amount equal to one fourth of the individual's regular wages or salary. Payments are by payroll deductions only, and stock payments must be completed in three years. Each year the stock fully paid for is delivered to the employee; but if he so desires, he may elect to withdraw his money plus 3% interest.

* * *

El Paso Natural Gas Company is also offering stock to its regular employees. The company has made arrangements with several banks to lend employees the full purchase price of the stock (\$32.10 a share) subscribed for. These loans, secured by the shares, are to be paid for over a six-year period through payroll deductions. The company will pay a service charge to the banks for carrying these loans. Under certain conditions the company will agree to buy back the stock sold to employees.

Group Blue Cross for Ford Retirees

The Ford Motor Corporation has completed negotiations with the Blue Cross-Blue Shield organizations to include Ford retirees in a group hospital-medical coverage. This will reduce the cost approximately 10% from coverage on an individual basis. In addition, retirees will receive a maximum of 120 days of hospital

care instead of thirty days. The improved benefits are available to pensioners with ten or more years of service. Pensioners with less than ten years' service will eventually be included, with February or March, 1954, tentatively set as the date on which they will be covered. Deductions for the Blue Cross-Blue Shield premiums will be taken from the pension check upon authorization of the pensioner.

Union Welfare Funds in the Headlines

Governor Dewey of New York on September 23 ordered the State Insurance Department to investigate the health and welfare funds of a local of the Building Service Employees' International Union (AFL). This action arose out of the murder of a union

official and the discovery of labor racketeering at the Yonkers Raceway, and the alleged maladministration of this union's welfare fund.

At the same time, Governor Dewey intimated that the inquiry might be extended to all union welfare funds in the state. He said that these funds offered "a field for gangster exploitation which is being developed and may require extensive investigation and perhaps governmental action."¹ There is no state control over these funds in New York and, according to Mr. Dewey, this is "another reason why racketeers are struggling for power."

F. BEATRICE BROWER
Division of Personnel Administration

¹ *New York Times*, September 24, 1953, p. 1.

Labor Press Highlights

UNIONS SIGN MORE MUTUAL AID PACTS

ACTION AND TALK aimed at closer liaison between unions continued last month as some unions signed pacts, while others issued calls for amalgamation.

Within the AFL, the Teamsters signed another mutual aid pact, this time with the Bakery and Confectionary Workers. The pact is to run for ten years. It calls for joint planning in organizing drives, cooperation in negotiations, and sets up a joint committee to handle jurisdictional problems. As reported in *The Teamster*, Mr. Beck will continue to seek mutual aid pacts with other AFL unions.

AFL and CIO Shoe Workers

The AFL Boot and Shoe Workers Union and the CIO United Shoe Workers of America have formed a "united front—cooperative action but no merger," reports the *Shoe Workers Journal* (AFL). The unions, representing between 100,000 and 120,000 shoe workers, have agreed to no raiding, and cooperation in preparing for negotiations. A key feature of their agreement, according to the AFL report, requires that neither union sign an agreement with either the International Shoe Company or Brown Shoe Company unless the contract is agreeable to the other union.

AFL and CIO Woodworkers

CIO Woodworker union president, A. F. Hartung, has urged the Lumber and Saw Mill Workers Union,

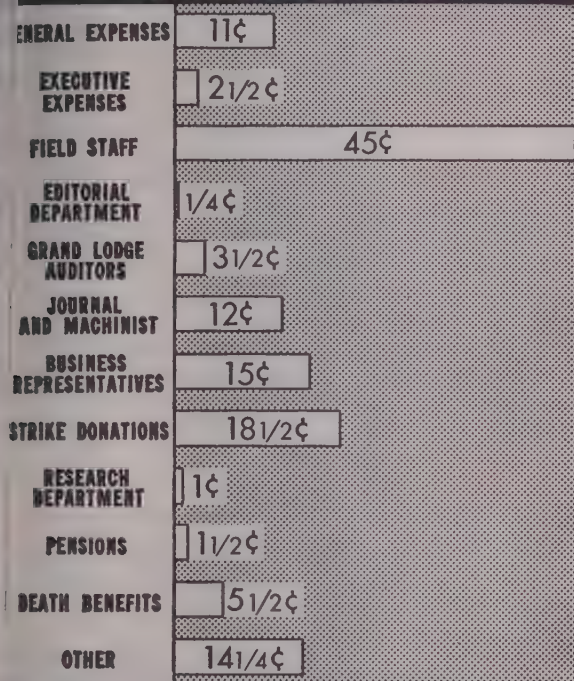
a division of the AFL Carpenters, to amalgamate with the Woodworkers, reports *The Woodworker*. Mr. Hartung's proposal was made during the short period when the Carpenters were disaffiliated from the AFL. According to *The Woodworker*, Mr. Hartung "made no official overture, but merely expressed his personal opinion that this would be a good time for the Lumber and Saw Mill Workers to move since it no longer has AFL backing." The Lumber and Saw Mill Workers have made no answer, official or unofficial, to the proposal, reports *The Woodworker*. The AFL Lumber Union accounts for 85,000 of the Carpenters' membership. The CIO Woodworkers puts its own membership at 117,000.

AFL Paper Makers and Pulp and Sulphite Workers

And from the *AFL Paper Makers' Journal* comes the suggestion that the Paper Makers and the AFL Pulp and Sulphite Workers finally amalgamate. In an article in the *Journal*, the Middle Atlantic regional director notes that amalgamation has been repeatedly recommended by the Paper Makers' executive board and has been studied by the Pulp and Sulphite union. He notes that a personality conflict almost fifty years ago caused the two unions to split. Those individuals are gone, the issue is long forgotten, and there is no further justification for the split, says the Paper Makers' Middle Atlantic regional director.

PER CAPITA TAX OF \$1.30

Distribution of June 1953



Machinists Show Where Money Goes

An International Association of Machinists, AFL, breakdown of the \$1.30 monthly per capita tax paid by its members shows that the largest expenditure—45 cents of each \$1.30—is spent for organizing and negotiation work done by the IAM field staff. The chart on expenses (see box) published in the *Machinists' Monthly Journal* puts strike donations at 18.5 cents as the second largest expenditure out of the monthly per capita dues. Analyzing this per capita tax, *The Journal* says that in 1923, when dues were \$1, it took a machinist one hour and twenty-eight minutes to earn his monthly per capita tax. Today, says *The Machinist*, the per capita tax has increased 30 cents but most machinists can earn it in less than one hour. In the long run, dues cost practically nothing, says *The Machinist* since a member who dies between the third and twentieth year of membership has practically his entire capita tax returned to his estate as death benefits. After twenty years of membership, the family of a deceased member receives an amount equal to twenty times the annual dues he has paid.

UAW-CIO Net Worth Up \$5.5 Million

Net worth of the UAW-CIO is set at \$17,451,658.07 as of June 30, 1953, according to the union's financial statement in the *United Automobile Worker*. This is a gain of \$5,412,960.78 over the union's net worth as of May 31, 1952. The UAW reports assets as of June 30, 1953, amounting to \$17,995,228.09, liabilities of \$543,570.02. Total securities investments of the UAW account for \$11,817,060.92 of the

union's assets; a little over \$10 million is invested in United States Government bonds and certificates; \$858,000 in Canadian bonds and \$746,000 in General Motors Acceptance Corporation bonds. The union's total receipts for six months ending June 30 amounted to \$11,264,285, most of it from dues. UAW Secretary-Treasurer Emil Mazey, in issuing the report, states that the UAW's average monthly dues paying membership for the first eight months of 1953 was \$1,429,827.

Steelworkers Analyze White Collar Gains

Steel Labor, announcing a Steelworker drive to organize more white collar workers, reports that in the thirteen years since the first white collar contract in steel was negotiated, white collar salaries have increased an average of \$200 per month. A messenger (job classification 0) in 1941 received \$58 per month, reports *Steel Labor*; in 1953 the same job gets \$241 per month. For the thirteen-year period wage increases for fifteen job classifications tabulated by *Steel Labor* range from \$183 for job classification 0 to \$282 for job classification 12 (field engineer). According to the Steel union, which claims 30,000 white collar members, only the railroad industry and teaching profession exceed steel in the proportion of white collar workers organized.

Motor Coach Union Sets Assets at \$10 Million

Assets of \$10,162,300.05 are shown in the financial statement of the AFL Amalgamated Association of Street, Electric Railway and Motor Coach Employees of America. Liabilities are listed at less than \$158,000. For the fiscal year ending June 30, 1953, the union's income was \$3,725,400.32, with more than \$3 million of this amount coming from dues.

See Annual Wage Key to Unemployment Benefits

Union pressure for annual wage guarantees may bring better unemployment benefits, says the *International Oil Worker* (CIO). The *Oil Worker* reasons that since plans such as those advocated by the UAW-CIO are tied in with unemployment compensation, employers would seek increases in unemployment-compensation benefits to cut the cost of the guaranteed annual wage. The *Oil Worker* says: "The same thing happened to Social Security payments when unions in 1949 and 1950 gained pensions tied to Social Security."

Machinists Open Atomic Energy Drive

A drive to extend organization in the atomic energy industry has been launched by the AFL Machinists' atomic energy conference, reports *The Machinist*. The conference, attended by members of Machinist lodges holding contracts with atomic installations in twelve states, also plans to seek wage increases and fringe benefits equal to those in private industry. Organizing and bargaining for workers in atomic energy plants is difficult, according to *The Machinist* report, because of strike restrictions and restrictions on union representatives on the premises.

HAROLD STIEGLITZ

Division of Personnel Administration

Review of Labor Statistics

THE CONSUMERS' price index moved up for the fourth consecutive month in August, reaching a new all-time high of 183.7 (January, 1939 = 100). An increase of 0.8% in the all-items index between mid-July and mid-August put the index at a level 0.6% above the previous all-time peak of 182.3, established just one year ago.

A study of the relative positions of each of the component indexes at the time of the previous all-time high and at present provides a good basis for determining the causes of the latest upward swing.

In August, 1952, food prices stood at an all-time high, with the food index reading 243.9. From August, 1952, to April, 1953, the food index dropped 6.8%, reaching its lowest point since January, 1951. In the four months since April, food prices have advanced 2.9%. But in spite of this increase, the food index is 4.1% below its all-time peak.

Housing costs, on the other hand, have advanced steadily throughout the year, reaching a level of 132.2 in August, 1953, as compared to 125.5 last year. This represents an increase of 5.3% during the twelve-month period. Between mid-July and mid-August, the housing index rose 0.4%—with the lifting of all federal rent controls on July 31 contributing to the rise. The largest increase in housing costs in an individual city over the quarter was the 6.5% rise in Cincinnati, followed by increases of 4.6% in both Akron and San Francisco-Oakland.

The sundries index, which covers such items as medical and personal care, recreation and transportation, has shown the greatest increase of all components over the year—6.0%. After dipping slightly in the month following the August, 1952, peak, sundries climbed without interruption for the remaining eleven months. From August, 1952, to July of this year, the index rose 3.8%. Between mid-July and mid-August it rose 2.1%, largely as a result of the increased transit fares in New York City. It now stands only four tenths of an index point below the all-items index.

Fuel costs are also higher than last year, while clothing and furniture have remained at virtually the same level. Thus it appears that in contrast to the usual pattern of past years, the sundries, housing and fuel components, rather than food, have provided the momentum which pushed the all-items index to a new high.

Increases in prices of meats and dairy products were

chiefly responsible for the 0.3% rise in food prices over the month. Most fresh vegetables were cheaper, with the exception of lettuce, which advanced sharply in most cities. Higher prices were also reported for lard, margarine, coffee and dried beans.

The purchasing value of the consumers' dollar reached its lowest point in the history of THE CONFERENCE BOARD'S index in August. The consumers' dollar was worth 54.4 cents (January, 1939 dollar = 100 cents) in August compared to 54.9 cents in July and 54.8 cents a year ago.

EMPLOYMENT

The latest Census Bureau estimates on the labor force in August indicate employment in the nation is at the highest point in history, while unemployment is at a new postwar low.

Total civilian employment in August, estimated at 63.4 million, was not significantly greater than in July but exceeded the level of a year ago by about 1 million.

Nonagricultural employment rose to 56.1 million in August, a gain of 642,000 from the preceding month and 744,000 since August, 1952. Most of the change over the last month resulted from a seasonal pickup in factory work. There were no notable changes in other nonfarm industries.

Agricultural employment decreased, reflecting the usual midsummer lull in farm activity. There were 7.3 million persons employed at farming jobs in August, an increase of about 310,000 over a year ago.

The Census Bureau reports that many of the workers hired by nonfarm industries during August came from the ranks of the unemployed. As a result, the total of jobless moved down to 1.2 million in August; this is about 308,000 under July. Only 1.9% of all civilian workers were unemployed in August, as compared to 2.4% in July, and 2.5% in August, 1952.

The total civilian labor force, which includes both the employed and unemployed, was estimated at 64.6 million in August, a slight decline from July, but 690,000 above the corresponding month last year.

TURNOVER RATES IN JULY

The Bureau of Labor Statistics reports that the rate of factory hiring in July, 1953, was the lowest reported for the month since 1949. The rate this year was forty accessions per 1,000 workers, compared with

irty-four per 1,000 in July, 1952, and thirty-five per 1,000 in 1949.

Over the month, June to July, the hiring rate dropped from fifty-one to forty per 1,000 employees. While it is usual for hiring to slacken in midsummer, LS emphasizes that the June to July reduction was the greatest recorded for that period since 1945. However, the bureau does not seem to be concerned over the slump in hiring, reporting that "it reflects a leveling off in the trend of factory employment rather than a major change in a generally favorable employment situation."

All but three of twenty major manufacturing industry groups reported lower hiring rates in July than in June. Largest rate declines were in durable goods manufacturing, particularly stone, clay, and glass products and transportation equipment industries.

The hiring rate in durable goods industries decreased from fifty-two per 1,000 workers in June to thirty-nine per 1,000 in July. Nondurables declined from forty-nine to forty-one per 1,000.

A marked increase in layoffs accompanied the drop in the hiring rate. Twelve out of every 1,000 workers were laid off in July as against nine for every 1,000 in June. The July layoff rate was still about equal to the post-World War II average for the month. Layoffs rose sharply in the transportation equipment industry because of plant shutdowns in the auto industry.

The quit rate in July was reported at twenty-six per

1,000 workers—unchanged from June, but higher than any July since 1948.

The discharge rate remained the same as in June: four per 1,000.

Total separations, which include quits, discharges, and layoffs, totaled forty-four per 1,000 in July, an increase of two per 1,000 over June.

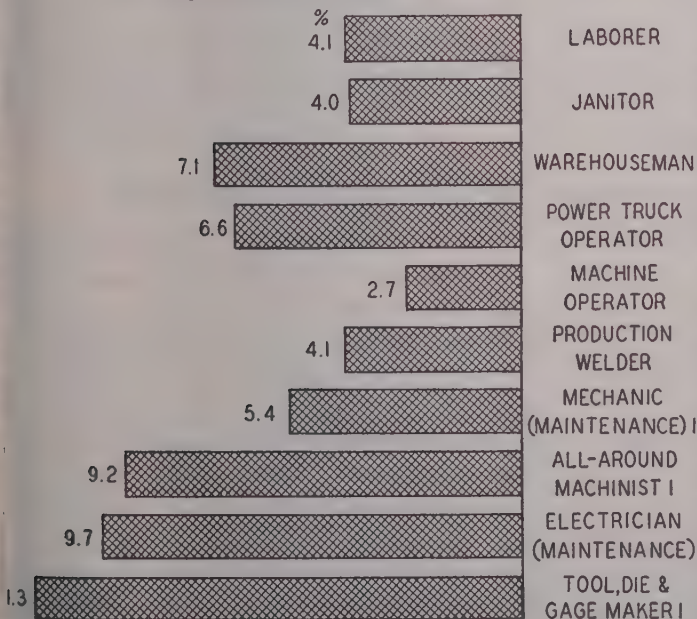
OCCUPATIONAL WAGE RATE SURVEY

According to THE CONFERENCE BOARD's recently published survey of occupational wage rates, the 1953 all-cities medians for hourly rated workers increased over the year-ago level in all seventeen job classifications. For incentive workers, the medians rose in all but two jobs, those of warehouseman and machine operator. This year's survey covers 172,910 hourly workers and 21,258 incentive workers in twenty-two industries.

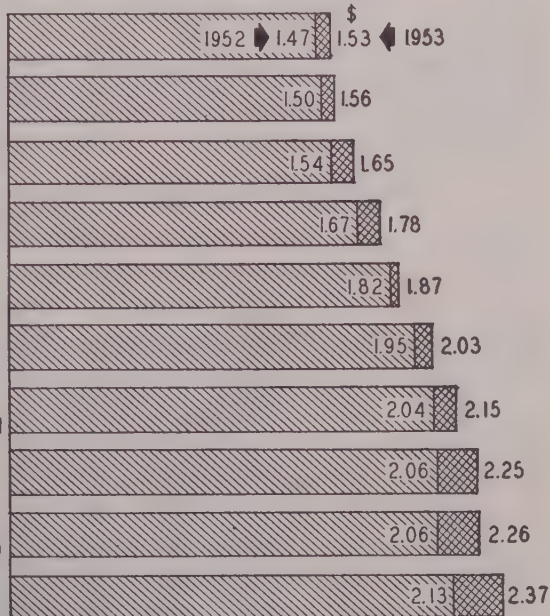
As the samples are not identical from year to year, the data have limitations. The accompanying chart, consequently, indicates only those changes over the year in the ten hourly rated classifications with large samples. Of the occupations included in the chart, the "tool, die, and gage makers, 1" (a group who possess specialized skill and ability) received the largest raise over the year. This classification is marked "1" to distinguish it from the less experienced group. For these "1" workers, the April, 1953, median for eighteen cities was \$2.37 per hour, compared with \$2.13 per

Medians for Ten Hourly Rated Plant Jobs in Eighteen Cities

Percentage Increase, 1953 Over 1952



Medians, in Dollars per Hour



SOURCE: THE CONFERENCE BOARD.

Consumers' Price Indexes for Cities Surveyed Quarterly

NOTE: These indexes do NOT show intercity differences in price level or standards of living. They show only changes in consumers' prices in each city, which changes may be compared with those for other cities.

City	Index Numbers Jan., 1959 = 100			Percentage Changes		City	Index Numbers Jan., 1959 = 100			Percentage Changes	
	Aug. 1953	May 1953	Aug. 1952	May 1953 to Aug. 1953	Aug. 1952 to Aug. 1953		Aug. 1953	May 1953	Aug. 1952	May 1953 to Aug. 1953	Aug. 1952 to Aug. 1953
Akron						Richmond					
Food.....	237.5	232.8	250.5	+2.0	-5.2	Food.....	258.6	252.8	275.2	+2.3	-6.0
Housing.....	151.6	144.9	132.3	+4.6	+14.6	Housing.....	132.8	130.7 ^r	129.7	+1.6	+2.2
Clothing.....	153.2	153.7	151.5	-0.3	+1.1	Clothing.....	154.3	154.2	153.2	+0.1	+0.7
Fuel ¹	161.0	161.1 ^r	156.0	-0.1	+3.2	Fuel ¹	138.9	136.0	137.0	+2.1	+1.4
Housefurnishings.....	144.7	148.8 ^r	147.3	-2.8	-1.8	Housefurnishings.....	169.2	169.5	167.3	-0.2	+1.1
Sundries.....	182.8	178.5 ^r	170.8	+2.4	+7.0	Sundries.....	156.2	154.9	150.0	+0.8	+4.1
Weighted total.....	186.7	183.2 ^r	183.3	+1.9	+1.9	Weighted total.....	180.9	178.3 ^r	182.9	+1.5	-1.1
Chattanooga						Rochester					
Food.....	241.6	235.7 ^r	249.6	+2.5	-3.2	Food.....	242.2	236.6 ^r	252.2	+2.4	-4.0
Housing.....	145.5	144.6	143.7	+0.6	+1.3	Housing.....	130.1	130.0	130.1	+0.1	0
Clothing.....	133.8	133.7	134.8	+0.1	-0.7	Clothing.....	153.0	152.8	151.9	+0.1	+0.7
Fuel ¹	132.5	132.5	130.8	0	+1.3	Fuel ¹	185.9	183.6	178.2	+1.3	+4.3
Housefurnishings.....	121.7	122.2	122.6	-0.4	-0.7	Housefurnishings.....	193.5	190.9	189.7	+1.4	+2.0
Sundries.....	164.6	163.0	155.5	+1.0	+5.9	Sundries.....	184.6	184.0	181.2	+0.3	+1.9
Weighted total.....	177.8	175.3	176.7	+1.4	+0.6	Weighted total.....	186.9	184.8 ^r	188.1	+1.1	-0.6
Cincinnati						St. Louis					
Food.....	238.9	236.5	246.4	+1.0	-3.0	Food.....	236.1	231.2	248.8	+2.1	-5.1
Housing.....	148.1	139.1	131.3	+6.5	+12.8	Housing.....	132.3	132.2	132.2	+0.1	+0.1
Clothing.....	161.1	160.6	160.1	+0.3	+0.6	Clothing.....	143.9	144.3	145.1	-0.3	-0.8
Fuel ¹	151.6	149.4	149.5	+1.5	+1.4	Fuel ¹	158.0	154.6	151.9	+2.2	+4.0
Housefurnishings.....	151.8	160.8	160.0	-5.6	-5.1	Housefurnishings.....	154.2	154.5	156.7	-0.2	-1.6
Sundries.....	176.3	175.0 ^r	168.5	+0.7	+4.6	Sundries.....	177.0	176.1	168.8	+0.5	+4.9
Weighted total.....	187.2	185.0 ^r	185.0	+1.2	+1.2	Weighted total.....	183.6	181.6	185.1	+1.1	-0.3
Dallas						San Francisco-Oakland					
Food.....	242.7	238.7	246.3	+1.7	-1.5	Food.....	242.2	239.1	251.2	+1.3	-3.6
Housing.....	175.0	174.9 ^r	173.2	+0.1	+1.0	Housing.....	124.6	119.1 ^r	117.7	+4.6	+5.9
Clothing.....	152.8	152.9	153.1	-0.1	-0.2	Clothing.....	157.0	157.9	157.3	-0.6	-0.2
Fuel ¹	106.9	106.9	93.0	0	+14.9	Fuel ¹	112.5	112.5	104.5	0	+7.7
Housefurnishings.....	154.3	153.8	152.2	+0.3	+1.4	Housefurnishings.....	169.5	169.3	167.2	+0.1	+1.4
Sundries.....	178.3	177.4	169.8	+0.5	+5.0	Sundries.....	187.2	184.8	178.4	+1.3	+4.9
Weighted total.....	186.2	184.9	183.3	+0.7	+1.6	Weighted total.....	187.3	184.7	185.8	+1.4	+0.8
Duluth						Wilmington					
Food.....	240.2	235.5	248.1	+2.0	-3.2	Food.....	214.9	207.9 ^r	223.3	+3.4	-3.8
Housing.....	133.6	132.7	131.7	+0.7	+1.4	Housing.....	137.3	137.0	136.9	+0.2	+0.3
Clothing.....	158.6	158.6	158.5	0	+0.1	Clothing.....	151.4	151.6 ^r	151.0	-0.1	+0.3
Fuel ¹	158.5	155.8	153.0	+1.7	+3.6	Fuel ¹	133.5	131.9	129.6	+1.2	+3.0
Housefurnishings.....	182.4	182.4	181.5	0	+0.5	Housefurnishings.....	177.1	177.8	178.7	-0.4	-0.9
Sundries.....	173.0	170.6	167.0	+1.4	+3.6	Sundries.....	176.5	175.0 ^r	163.1	+0.9	+8.2
Weighted total.....	186.9	184.2	186.7	+1.5	+0.1	Weighted total.....	177.9	175.0 ^r	177.2	+1.7	+0.4

Source: THE CONFERENCE BOARD.

¹ Includes electricity and gas.

^r Revised.

Consumers' Price Index for Thirty-nine Cities, and Purchasing Value of the Dollar

Index Numbers, January, 1939 = 100

Date	Weighted Average of All Items	Food	Housing ¹	Clothing			Fuel ²			House- furnish- ings	Sundries	Purchasing Value of the Dollar
				Total	Men's	Women's	Total	Electricity	Gas			
1952 August.....	182.6	243.9	125.5	150.5	167.9	135.7	135.8	93.2	102.8	165.1	173.0	54.8
September.....	181.7	241.0	125.7	150.8	167.4	136.6	136.3	93.0	102.9	165.1	172.9	55.0
October.....	181.5	239.9	126.2	150.5	167.4	136.1	137.9	92.7	102.7	164.4	173.2	55.1
November.....	182.3	241.3	126.8	150.6	167.4	136.3	138.9	93.4	103.0	165.7	173.4	54.9
December.....	180.9	236.1	127.6	150.6	167.4	136.3	140.5	93.4	103.0	165.7	173.8	55.3
Annual average.....	180.7	239.4	125.4	151.4	168.7	136.8	136.3	92.0	102.8	166.3	171.2	55.3
1953 January.....	180.4	233.2	128.2	150.6	167.4	136.3	141.1	93.4	103.9	163.7	174.9	55.4
February.....	179.0	228.7	128.8	150.6	167.7	136.1	140.8	93.4	103.8	164.6	175.0	55.9
March.....	179.5	229.1	128.9	150.8	167.5	136.6	140.9	93.4	104.0	164.7	175.9	55.7
April.....	179.4	227.4	128.9	150.7	167.4	136.4	140.7	93.4	104.2	164.5	177.8	55.7
May.....	180.2 ^r	228.5	131.0	150.8	167.8	136.4	138.6 ^r	93.4	104.3 ^r	164.5	178.2 ^r	55.5
June.....	181.2	231.3	131.3	150.9	167.9	136.4	138.4	93.4	104.3 ^r	164.0	178.5	55.2
July.....	182.3 ^r	233.3 ^r	131.7	150.8	167.8 ^r	136.4	138.9 ^r	93.4	104.5 ^r	164.0	179.6 ^r	54.9
August.....	183.7	234.0	132.2	150.8	167.8	136.3	139.6	93.4	104.9	163.4	183.3	54.4
Percentage Changes												
July 1953 to August 1953..	+0.8	+0.3	+0.4	0	0	-0.1	+0.5	0	+0.4	-0.4	+2.1	-0.9
August 1952 to August 1953	+0.6	-4.1	+5.3	+0.2	-0.1	+0.4	+2.8	+0.2	+2.0	-1.0	+6.0	-0.7

¹ Rents surveyed quarterly in individual cities

² Includes electricity and gas

^r Revised

Consumers' Price Indexes for Ten Cities

NOTE: These indexes do NOT show intercity differences in price level or standards of living. They show only changes in consumers' prices in each city, which changes may be compared with those for other cities.

City	Index Numbers Jan., 1939 = 100			Percentage Changes		City	Index Numbers Jan., 1939 = 100			Percentage Changes	
	Aug. 1953	July 1953	Aug. 1952	July 1953 to Aug. 1953	Aug. 1952 to Aug. 1953		Aug. 1953	July 1953	Aug. 1952	July 1953 to Aug. 1953	Aug. 1952 to Aug. 1953
Birmingham						Indianapolis					
Food.....	241.4	242.7 ^r	245.8	-0.5	-1.8	Food.....	254.3	253.3 ^r	256.4	+0.4	-0.8
Housing ²	164.2	164.2	160.9	0	+2.1	Housing ²	135.6	135.6	123.0	0	+10.2
Clothing.....	151.8	151.6	152.1	+0.1	-0.2	Clothing.....	143.3	143.5	143.7	-0.1	-0.3
Fuel ⁴	130.4	129.4	131.2	+0.8	-0.6	Fuel ⁴	154.9	154.6	156.6	+0.2	-1.1
Housefurnishings.....	168.6	168.8	170.9	-0.1	-1.3	Housefurnishings.....	156.6	157.3	159.9	-0.4	-2.1
Sundries.....	157.1	157.1	154.7	0	+1.6	Sundries.....	185.2	185.1	177.8	+0.1	+4.2
Weighted total.....	181.2	181.5	181.4	-0.2	-0.1	Weighted total.....	188.3	188.0 ^r	185.1	+0.2	+1.7
Boston						Los Angeles					
Food.....	222.8	220.6	235.7	+1.0	-5.5	Food.....	222.3	224.7	237.3	-1.1	-6.3
Housing ²	130.3	129.6	123.9 ^r	+0.5	+1.1	Housing ²	142.1	142.1	143.0	0	-0.6
Clothing.....	142.1	142.1	136.2	0	+4.3	Clothing.....	141.8	141.8	142.2	0	-0.3
Fuel ⁴	179.6	177.4	173.3	+1.2	+3.6	Fuel ⁴	101.5	101.5	101.1	0	+0.4
Housefurnishings.....	155.5	155.7	155.9	-0.1	-0.3	Housefurnishings.....	160.9	160.6 ^r	158.9	+0.2	+1.3
Sundries.....	170.6	170.6	165.9	0	+2.8	Sundries.....	177.6	177.6	170.2	0	+4.3
Weighted total.....	178.8	177.6	180.9 ^r	+0.7	-1.2	Weighted total.....	176.8	177.5	178.8	-0.4	-1.1
Chicago						New Orleans					
Food.....	248.2	250.0	256.2	-0.7	-3.1	Food.....	257.8	259.3	256.3	-0.8	+0.6
Housing ²	144.6	144.6	133.6	0	+8.2	Housing ²	159.5	159.5	130.8	0	+21.9
Clothing.....	146.3	146.1	146.4	+0.1	-0.1	Clothing.....	155.9	155.8 ^r	157.3	+0.1	-0.9
Fuel ⁴	119.8	118.4	118.0	+1.2	+1.5	Fuel ⁴	93.7	94.3	92.5	-0.6	+1.3
Housefurnishings.....	157.1	157.7	160.8	-0.4	-2.3	Housefurnishings.....	171.9	170.6	174.3	+0.8	-1.4
Sundries.....	182.4	180.4	176.5	+1.1	+3.3	Sundries.....	150.1	150.1	148.8	0	+0.9
Weighted total.....	187.9	187.9	186.6	0	+0.7	Weighted total.....	190.5	191.3 ^r	185.4	-0.4	+2.8
Denver						New York					
Food.....	239.6	239.7	239.8	a	-0.1	Food.....	221.0	217.8 ^r	230.4	+1.5	-4.1
Housing ²	130.5	130.5	128.2	0	+1.8	Housing ²	116.7	116.4 ^r	107.0 ^r	+0.3	+9.1
Clothing.....	163.2	163.0	163.0	+0.1	+0.1	Clothing.....	152.4	152.5 ^r	152.4	-0.1	0
Fuel ⁴	106.4	106.4	103.6	0	+2.7	Fuel ⁴	138.0	137.8	134.0	+0.1	+3.0
Housefurnishings.....	156.2	156.3	160.1	-0.1	-2.4	Housefurnishings.....	159.5	161.1	163.1	-1.0	-2.2
Sundries.....	164.4	164.3	153.8	+0.1	+6.9	Sundries.....	195.2	181.6	175.7	+7.5	+11.1
Weighted total.....	177.5	177.5	173.8	0	+2.1	Weighted total.....	179.4	174.9 ^r	175.8	+2.6	+2.0
Detroit						Philadelphia					
Food.....	243.0	244.6	254.9	-0.7	-4.7	Food.....	224.5	227.0	233.8	-1.1	-3.8
Housing ²	141.4	141.4	130.6	0	+8.3	Housing ²	117.7	117.7	117.7	0	0
Clothing.....	147.1	147.1	147.4	0	-0.2	Clothing.....	141.9	142.2 ^r	142.4	-0.2	-0.4
Fuel ⁴	164.5	162.6	160.0	+1.2	+2.8	Fuel ⁴	159.8	157.9	153.6	+1.2	+4.0
Housefurnishings.....	165.2	165.2	163.2	0	-1.8	Housefurnishings.....	175.0	175.2	173.9	-0.1	-2.2
Sundries.....	192.7	192.8	179.1	-0.1	+7.6	Sundries.....	186.2	186.1	177.0 ^r	+0.1	+5.2
Weighted total.....	189.3	189.7	186.8	-0.2	+1.3	Weighted total.....	181.8	182.5	182.2 ^r	-0.4	-0.2

¹ Rents surveyed January, April, July, October

² Rents surveyed February, May, August, November

³ Rents surveyed March, June, September, December

⁴ Includes electricity and gas

^r Revised

a Less than 0.1%

Consumers' Price Index for Ten United States Cities, and Purchasing Value of Dollar

Index Numbers, January, 1939 = 100

Date	Weighted Average of All Items	Food	Housing ¹	Clothing			Fuel ²			House- furnish- ings	Sundries	Purchasing Value of the Dollar
				Total	Men's	Women's	Total	Electricity	Gas			
1952 August.....	180.8	240.6	122.0	148.2	164.3	134.7	132.9	92.2	104.8	164.5	174.0	55.3
September.....	179.9	237.7	122.1	148.4	163.7	135.5	133.7	92.2	104.8	164.5	174.0	55.6
October.....	179.8	236.5	122.7	148.1	163.8	134.8	135.3	92.2	104.6	163.6	174.4	55.6
November.....	180.6	238.3	123.3	148.2	163.8	135.0	135.9	92.0	104.6	164.8	174.5	55.4
December.....	179.3	233.2	124.1	148.2	163.8	135.0	137.6	92.0	104.6	164.7	175.0	55.8
Annual average.....	179.1	236.1	122.0	149.1	164.9	135.6	133.4	90.9	104.5	165.6	172.6	55.8
1953 January.....	178.7	230.3	124.9	148.2	163.8	135.1	138.1	92.0	105.3	162.7	176.1	56.0
February.....	177.3	225.2	125.7	148.2	164.0	134.9	137.9	92.0	105.3	163.4	176.6	56.4
March.....	177.7	225.6	125.8	148.4	163.8	135.5	138.0	92.0	105.3	163.3	177.4	56.3
April.....	177.6	223.9	125.8	148.3	163.5	135.4	137.7	92.0	105.4	163.2	179.2	56.3
May.....	178.4	225.0	129.1	148.4	163.9	135.3	134.5	92.0	105.4	163.1	179.3	56.1
June.....	179.7	228.6	129.4	148.5	164.0	135.3	134.5	92.0	105.4	162.3	179.5	55.6
July.....	181.0	231.1 ^r	129.9 ^r	148.3 ^r	163.6 ^r	135.4 ^r	135.4	92.0	105.6	162.4	180.6	55.3
August.....	182.6	231.3	130.1	148.3	163.6	135.3	136.2	92.0	106.1	161.6	186.2	54.8

Percentage Changes

July 1953 to August 1953..	+0.9	+0.1	+0.2	0	0	-0.1	+0.6	0	+0.5	-0.5	+3.1	-0.7
August 1952 to August 1953	+1.0	-3.9	+6.6	+0.1	-0.4	+0.4	+2.5	-0.2	+1.2	-1.8	+7.0	-0.9

¹ Rents surveyed quarterly in individual cities.

² Includes electricity and gas

^r Revised.

Source: THE CONFERENCE BOARD.

hour in 1952—an 11.3% increase. Machine operators, however, had only a 2.7% raise over the year.

WAGE ADJUSTMENTS

In the late summer period from August 15 to September 15, THE CONFERENCE BOARD confirmed a total of eighty-six wage agreements involving fifty-six companies and over 580,400 workers. The unusually large number of workers involved in the confirmed wage adjustments was due to several industry-wide settlements which occurred during the past few months.

Increases for approximately 537,900 wage earners ranged from 1 cent to 17 cents, with most centering around 8.5 cents—the raise granted in the steel industry. Several settlements with wage earners involved percentage increases; and most oil agreements awarded a 4% raise. With characteristic variation, more than 42,500 salaried employees received raises awarded on percentage, hourly, weekly, and monthly bases.

Leading companies involved in the steel settlements were United States Steel with 156,000 workers, Bethlehem Steel with 92,000 wage earners and Jones & Laughlin with over 27,300. All granted the standard 8.5-cent increases, with U.S. Steel granting an additional amount which will end the wage differential in the South by July, 1954. In the oil agreement, Shell with 32,000 workers and Atlantic Refining with approximately 11,900 workers were the largest companies to settle for the standard 4%. Other major settlements took place at Illinois Bell Telephone, which agreed to weekly increases of \$1.50 and \$2 for 11,000 Communications Workers; and U.S. Rubber which granted improved fringe benefits to 35,000 employees.

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Stock Options

(Continued from page 368)

number of shares reserved for options under the plans range all the way from 15,000 to 1,400,000. The percentage of option shares to the total number outstanding (prior to the offering) also varies greatly—from 1.7% to 11%. In about half the companies, the proportion of option stock to outstanding shares is between 4% and 6% (see table). The relationship between option and outstanding stock is about the same as was found in the 1951 survey.

In the 1951 survey, over a third of the plans provided either for the stock offering to be made once, or at definite intervals. None of the present plans follow this procedure. They provide that offerings be made from time to time, as determined by the stock option

Relationship Between Number of Shares Reserved for Option and Total Outstanding Shares

Proportion of Outstanding Shares Reserved for Options	Number of Companies
1%—2%	1
2 — 3	2
3 — 4	1
4 — 5	5
5 — 6	4
6 — 7	2
7 — 8	2
8 — 9	1
10 —11	1
11	1
Total	20

committee. The one exception is the plan of a chemical company, which provides for the allocation of half the total shares for the initial offering, the remainder to be reserved for future options.

Price of Stock

The federal tax law permits the company to offer its stock as low as 85% of the fair market value price under a restricted stock option plan. However, the tax treatment is different for stock offered at a price between 85% but less than 95% of the market than for a plan that offers the option stock at 95% or more of the market price.

When the Salary Stabilization Board issued its regulations on stock option plans, it stipulated that the option price could not be less than 95% of the fair market value, unless prior approval of the Office of Salary Stabilization was obtained. These regulations were lifted on April 30, 1953.

The influence of the regulations on present-day plans is still apparent, as only one plan sets the option price as low as 85% of the market. Most of the plans give the stock option committee or the board of directors the authority to fix the option price, but not below a specified price. In fourteen plans, this level may not be less than 95% of the market price; in four, the option price must be at least the full market value. One plan does not stipulate the option price, leaving it to the discretion of the board of directors.

There is much less variation in the option prices of plans included in the present survey than was found in the 1951 investigation, where the range was from 50% to 101% of the market value. Also, a larger proportion of companies in the earlier study set the option price of the stock at the market price.

Eligible Employees

Under most of the plans surveyed, stock options are given to officers and key executives. Here also the board of directors, through the stock option committee, selects the employees who are to participate. None of the plans specifically name the persons who are to

given options. In this respect these plans vary from the 1951 plans, of which about a quarter specified the company officials to be included.

While the 1953 plans leave the choice of the optionees to the stock option committee, some outline the factors that should be taken into account in selecting the officials and the amount of stock allocated to each. The following quotation taken from a proxy statement is fairly typical of the qualifications which are considered in reaching a decision:

"In determining the employees to whom options shall be granted . . . the committee shall take into account the duties of the respective employees, their present and potential contribution to the success of the corporation, the anticipated number of years of effective service remaining and such other factors as they shall deem relevant. . . ."

Some of the plans stipulate the maximum number of employees that may receive options. The plan of the rubber company, for example, provides that not more than twenty-five options shall be outstanding at any one time (No. 10 in the analysis), eleven of which shall be for officers and fourteen for key executives. The maximum number of participants in the other companies with such limitations range from thirty-five to 125.

One eligibility requirement appears much more frequently in this survey than in the 1951 survey—the age of the executive. Seven of the twenty plans exclude persons who are nearing retirement. Three of these provide that no options shall be granted to employees who are sixty or over; two exclude persons sixty-three; one restricts eligibility to executives under sixty-two; and one excludes employees who have reached the age of normal retirement, sixty-five.

Another requirement in thirteen of the twenty plans is that to be eligible the executive must sign an agreement that he will remain in the employ of the company for a specified time. The employment agreement may be for one year (three companies), two years (five companies) or three years (four companies). One plan states that the executive must sign an employment agreement, but does not specify how long a period is covered by it.

Allocation of Shares

The allocation of shares among the executives is at the discretion of the plan's administrators in all the current plans studied. In seventeen out of the twenty, however, a limitation is imposed on the number of shares that may be allotted to an individual. This maximum may be a specified number of shares (ranging from 2,500 to 35,000) or it may be a percentage of the total shares (ranging from 10% to 50%). In one company in the petroleum industry, not more than 75,000 of the 350,000 shares may be sold to present directors who are full-time key executives. The total

that may be allocated to any one individual, however, may not exceed 12,000 shares.

Exercising the Option

In the 1951 survey, it was found that the duration of the option period differed widely—from ninety days to an unlimited period. But the option terms appearing most frequently were five years (32.5%), seven years (22.0%), and ten years (19.8%). The 1953 option plans are much more uniform in the terms of the option period. The majority of the plans surveyed have a ten-year option period, while only two provide for a term of option as low as five years, which was the period which appeared most frequently in the 1951 survey.

The 1953 plans are almost evenly divided between (a) those that permit the employee to exercise his option in whole or in part at any time during the option period, and (b) those that divide the total amount of option stock in installments. In several of these latter companies, the installments are stretched out over a ten-year period, so that the employee must have remained with the concern for a fairly long time before he can exercise his rights for all the shares allotted to him.

Another method by which the employee's right to exercise the option is deferred is to require a waiting period of specified duration before he can take up any of the option stock. About half of the present plans have this waiting period, which ranges from six months to two years.

Paying for the Stock

One of the questions frequently raised in discussions of stock option plans is: how can the executive pay for the stock in view of high taxes and the rising cost of living? Apparently very few companies included in this analysis are offering executives any aid in financing the purchase of their option stock. All plans but one require the executive to pay the full amount when he exercises his option. In fact, four plans specifically state that the company may not loan the employee money for this purpose. A typical clause reads as follows:

"Neither the corporation nor any subsidiary may directly or indirectly lend money to any person for the purpose of assisting him to acquire or carry shares of common stock issued upon the exercise of options granted under the plan."

Only one company provides for the payment of dividends, which are applied toward the purchase of the stock. In this plan, also, interest of 4% is charged on unpaid balances. The plan of this company (No. 17 in the analysis) is the only one of the twenty in which eligibility is extended below the managerial group.

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Division of Personnel Administration

Inventors' Incentives

(Continued from page 362)

From every group of fifty patent disclosures it receives, the local committee selects the one it judges as "most meritorious," and the inventor is awarded an additional \$290. If more than one inventor is involved in the same disclosure, a total of \$500 is divided equally among them.

The third award for which an inventor may qualify is \$50, paid at the time the company files an application for a patent at the United States Patent Office.

Special awards—as high as \$5,000—may be made where the invention has, in the judgment of management, proved of outstanding commercial value to the company.

It is thus possible for a single invention to net an employee as much as \$5,275 if he receives all four awards. In cases where the invention proves of continued commercial importance over the years, the company says, the \$5,000 award might even be repeated.

A Midwestern Company

A large midwestern company has recently adopted a voluntary invention award plan somewhat similar in organization to the Westinghouse plan. Its stated purpose is to stimulate the creative thinking of technical employees to make such employees more inventive—and patent conscious.

Before this company adopted its present plan, it paid only \$1 as legal consideration to an inventor when he signed a patent application and executed an assignment to the company. This policy was predicated on the theory, the company explains, "that the persons making inventions were hired or expected to invent and were not entitled to any special compensation simply because they had created an invention on which an application was filed."

Among the provisions in the company's former patent assignment agreement was one clause to the general effect that for inventions of great value to the company, payment might be made to the employee in an amount decided at the sole discretion of the company. This was the award policy on employee patents until the recent change.

Instrumental in causing this policy to be re-examined was a revision in the company's suggestion system. When the minimum amount paid for an accepted suggestion was increased to \$5 or \$7.50 (depending on the kind of suggestion and the plant or office involved), the company reports, "it became apparent that the \$1 paid an inventor for executing an

assignment of a patent application was unreasonable and small."

The new setup suggests that each division of the company have a division patent disclosure committee consisting of the division manager or someone authorized to represent him, the head of the engineering department or laboratory involved, and the patent attorney servicing the department involved.

This plan, the company points out, "carries out our traditional policy that representatives of management other than patent department personnel participate in the decisions as to what inventions are to be made the subject of United States applications."

Under the new plan, an award of \$50 is made to the inventor at the time application for a patent is filed. Special awards are to be made to inventors when the invention has, in the judgment of management, proved of outstanding commercial value to the company. All of these awards are made voluntarily by the company which reserves the right to amend or terminate the plan at any time.

"Our plan is too new to permit any comment on its general effect," the company explains, "but it appears that most of our divisional managers are agreeable to permitting the decisions as to the filing of application to be made in the same manner as they have been made in the past. Such decisions have always been made on a divisional basis without following any fixed pattern but were always made by a joint decision of the patent department and a division or department head."

An interesting sidelight on this company's patent department procedures is the department's participation in the various technical activities of the company. "Contrary to the policies of many companies," according to the firm, "representatives of the patent department attend regularly scheduled meetings of research engineering and technical people simply to keep abreast of problems being considered."

Company X

Company X's special award plan has been in operation for over ten years. Through it, the company tries to recognize especially meritorious inventions. The plan provides awards in addition to and apart from the fixed \$50 amount paid per invention to the employee in consideration of assignment to the company.

For every twelve-month period ending October 1 the patent awards committee selects what it considers the two best inventions patented during the year and recommends them for special awards of merit. These two awards, each of which may be up to \$500, must be approved by the president of the company and the board of directors. Each award is paid to the inventor or, in equal amounts, the inventors of each of the inventions selected.

For every five-year period ending each October 1, the committee may designate one or more inventions patented during the five years which it deems to be of greatest benefit to the company.

This invention may be recommended for a grand award of merit of \$1,000 or more. The committee may also recommend that an invention previously granted a grand award of merit receive a further award for exceptional value to the company. These awards, too, must be approved by the president and the directors.

General Electric Company

A variation in awards for patent assignments was recently introduced by the General Electric Company. For some years it has been the practice of the company to award cash payments to employees when they signed patent applications. The new policy is to award one share of General Electric common stock to employees for each patent application filed. In addition, an amount to cover the federal withholding tax on the value of the stock is also given.

When an employee-inventor signs the patent application, he is given a certificate of stock award notifying him that the stock certificate will be mailed to him, usually within the next thirty days. The certificate is issued and signed by the department general manager.

Stock certificates may be issued only in the name of the employee signing the patent application. If two or more employee-inventors are required to sign a patent application, each is eligible for an award.

"The substitution of a share of stock rather than a cash payment," the company says, "is in line with the policy of the company to encourage stock ownership as widely as possible among its employees."

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Division of Personnel Administration

AFL Convention

(Continued from page 364)

cause a hitch. Teamster President Dave Beck, for example, strongly hinted at a private dinner that he may not ratify unless CIO unions turn over to the Teamsters' union those workers he regards as coming under his union's jurisdiction.

Unions signing the AFL-CIO no-raid pact agree to settle all inter-federation disputes in accordance with this procedure:

"(a) Any union a party hereto which claims that any other union a party hereto (including any local of such a union) which is affiliated with the other federation has violated the provisions of this agreement shall immediately notify in writing the representative of the union

Durkin's Nineteen Amendments

In his speech before the AFL convention, Martin Durkin claimed that *The Wall Street Journal* published "an actual copy" of the message the President was to send to Congress. The nineteen amendments contained therein would do the following:

1. Turn over to state labor relations boards jurisdiction of those small employers "whose effect upon interstate commerce is relatively insignificant."

2. Exclude from the T-H definition of supervisor those employees "whose only supervisory duties consist of giving directions to employees or assigning them work."

3. Redefine agency so as "to make it clear that the common law rules of agency are to apply and that unions are not to be responsible for acts of individual members solely by reason of their membership."

4. Provide that the secretary of labor, the secretary of commerce and the NLRB chairman shall make recommendations on administration of the T-H Act.

5. Amend the union shop section so that "in addition to nonpayment of dues, a union may expel a member and require an employer to discharge him for:

"(a) Disclosure by the member of confidential information of the union, or

"(b) Reasonable cause to believe the member belongs to, or is in sympathetic association with the Communist party."

6. Amend the act so as to clearly permit the employer to notify the union that job opportunities exist in his plant and give the union opportunity to refer applicants for employment.

7. Permit a union and an employer to enter into an agreement "specifying the minimum training or experience qualifications that will be required for employment."

8. Permit "prehire" contracts for unions in the construction, amusement and maritime industries. Also permit in such "prehire" contracts union shop provisions "under which the individuals hired may be required to join the union within seven instead of thirty days after beginning of employment."

9. Amend the secondary boycott provisions so as:

(a) To remove the act's prohibition against "concerted activities on a construction project" and

(b) "Permit concerted activities directed at work which is being 'farmed out' to other employers while employees who normally perform the work are on strike."

10. Reduce from sixty to thirty days the notice period of intention to modify or terminate an agreement required of employers and unions. Also eliminate the T-H provision that "an employee who strikes during this period shall lose all of his rights under the act, unless and until he is reinstated by the employer."

(Box continued on next page)

(Box continued from preceding page)

11. Prohibit the holding of any NLRB representation election for a period of four months after the commencement of a strike.

12. "Eliminate the [union shop] deauthorization election."

13. Amend the act "to protect both parties to a valid collective agreement from being required to negotiate during its term as to any subject not covered by the agreement unless the contract so authorizes or both parties mutually consent to reopening."

14. Eliminate the T-H requirement that unions, in addition to filing copies of their constitution and by-laws, must supply a detailed statement of the provisions of their constitution and bylaws (*i.e.*, eliminate section 9 (f) (6)).

15. Eliminate the T-H noncommunist oath for union officials.

16. Eliminate the T-H provision that "the general counsel of the National Labor Relations Board is required to make application to the Federal District Court for an injunction against a secondary boycott," and instead provide that "injunctions in these cases be discretionary." Also amend the act to provide that "no injunction or restraining order be allowed to be issued without notice and opportunity for hearing."

17. Eliminate the T-H section 14 (b) which provides that "Nothing in this act shall be construed as authorizing the execution or application of agreements requiring membership in a labor organization as a condition of employment in any state or territory in which such execution or application is prohibited by state or territorial law." Also eliminate the T-H provision that says, "no employer subject to this act shall be compelled to deem individuals defined herein as supervisors as employees for the purpose of any law, either national or local, related to collective bargaining." In the place of these two provisions include a general rule fixing the dividing line between federal and state jurisdiction, which rule shall "recognize the paramount authority of the federal law."

18. Eliminate the T-H requirement stating that a checkoff authorization "is valid only for the period of a year, or until the termination of the collective bargaining contract, whichever is sooner" and amend the act so as "to provide that the checkoff authorization once given shall be valid until it is revoked by the employee."

19. Amend the act so that the employer who contributes to a union welfare fund can "voluntarily waive participation in the administration of these funds."

complained against, and shall also notify the secretary-treasurer of the federation with which that union is affiliated.

"(b) The authorized representatives of the unions involved shall make every effort to settle the dispute.

"(c) In the event the dispute is not settled within

fifteen days after the mailing of the notification provided for in paragraph (a), the secretary-treasurers of the federations, or their designated representatives, shall meet and attempt to achieve compliance with this agreement.

"(d) In the event that the authorized representatives of the unions involved are unable to settle the dispute within fifteen days after the mailing of the notification provided for in paragraph (a), either union or the secretary-treasurer of either federation may, not earlier than five days thereafter, submit the dispute to the impartial umpire herein provided for.

"(e) In any dispute submitted to him in accordance with the provisions of this paragraph, the impartial umpire shall have jurisdiction only to determine whether the acts complained of constitute a violation of this agreement.

"(f) A complaining union may withdraw its complaint of violation of this agreement at any time prior to decision by the impartial umpire, in which event the pending proceeding shall terminate."

The no-raid agreement provides that interfederation disputes shall be settled by an impartial umpire jointly appointed by AFL President George Meany and CIO President Walter Reuther. His duties are to decide any case referred to him within thirty days unless an extension of time is agreed to. His decisions are to be final and binding.

The unions signing the pact agree that a union which has violated the provisions of the agreement will cease such violation and will not, directly or indirectly, during the term of the agreement represent or seek to represent the employees involved, and that it will take the following remedial action upon request of the complaining union:

- Any petition for representation rights filed with the National Labor Relations Board, or any other appropriate federal or state agency, will be immediately withdrawn.

- Any claims for recognition which may have been submitted to the employer will be withdrawn immediately.

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Catastrophe Insurance

(Continued from page 360)

plan), or two years after termination (one plan), or for an unlimited period (one plan).

EXAMPLES OF PLANS

Having taken up the different factors that determine how much the individual receives under a major medical plan, let's look at a few examples of how different plans work out in practice.

MANAGEMENT RECORD

Main Provisions of a Selected Group of Major Medical Expense Plans

E—Employee; D—Dependent

Name of Company Date of Plan	Eligibility	Deductible	Coinsurance	Daily Hospital Limit	Maximum	Definition of Dependent	Monthly Employee Contributions		
							E Only	E and One D	E and More than One D
American Cyanamid Company 1953	All full-time employ- ees in United States. Basic plan participa- tion	Corridor—\$200 (an- nual earnings under \$9,000) or \$400 (over \$9,000), plus basic plan benefits. New deductible each year	20%	\$20	\$10,000 per indi- vidual	Wife, unmarried chil- dren from birth to age 19, and from 19 to 25 if wholly dependent	\$1.40	\$3.20	\$4.10
A machinery com- pany October 1, 1951	Salaried employees. Annual salary \$6,000 or more. Basic plan participation	Flat amount—\$500	25%	None	\$5,000 per dis- ability. Applies only to hospital- ized cases, but provides three months' post- operative care	Spouse and unmarried children between 14 days and 19 years	\$1.50	—	\$4.05
A bank May 1, 1952	Annual salary \$5,000 or more	Flat amount—\$500 Common disaster de- ductible	20%	\$20	\$10,000 per indi- vidual	Wife, unmarried chil- dren from birth to age 19, and unmarried chil- dren between 19 and 23 attending college	\$2.18	E and child or children \$3.40, E and wife \$5.38	E, wife, and children \$6.44
Socony-Vacuum Oil Company, Incorpo- rated 1952	Exempt employees. Basic plan participa- tion	Corridor—\$100 (an- nual salary under \$10,000) or \$150 (over \$10,000), plus basic plan benefits. Common disaster de- ductible	25%	\$20	\$5,000 per indi- vidual	Wife and unmarried children between 14 days and 19 years	\$1.44	—	\$3.44
Trans World Airlines 1951 (dependents' coverage June 1, 1953)	All U.S. national em- ployees. Basic plan participation	Corridor—5% of an- nual salary (\$200 minimum, \$600 max- imum) plus basic plan benefits. Com- mon disaster deduc- tible	25%	None	\$5,000 per dis- ability	Wife and unmarried children between 3 months and 21 years	\$2.25	—	\$1.50
A metals company 1951	Exempt employees. Basic plan participa- tion	Family—\$300 per family benefit year, or basic plan benefits if greater. Excludes illnesses costing less than \$25	20% 30% on surgical or nursing fees in excess of \$500	Semi- private rate	\$5,000 per indi- vidual	Wife and unmarried children under age 22	\$2.75	E and children \$3.75, E and wife \$6.75	E, wife, and children \$7.75

Plan A—An employee is hospitalized because of a brain tumor. This plan has a \$500 flat sum deductible.

Expenses		
Hospital room and board—4 weeks at \$20 per day.....	\$ 560	
Surgeon	750	
Special nurses—3 shifts for 14 days at \$12 per shift.....	504	
Miscellaneous hospital charges	300	
		<hr/>
Total expense	\$2,114	
Deductible (paid by employee)	500	
		<hr/>
Balance	\$1,614	
Plan pays 80% of balance, or.....	1,291	

Plan B—An employee’s wife is hospitalized for kidney trouble and requires an operation. The plan has a corridor deductible of \$100, for employees earning under \$12,000 a year, plus basic plan benefits.

Expenses	Total	Paid by Basic Plan	Leaving Balance of
Hospital room and board—25 days at \$18 per day.....	\$ 450	\$350	\$ 100
Miscellaneous hospital charges	200	200	0
Physician’s charges (in and out of hospital)	400	0	400
Surgeon’s charges	500	350	150
Private nurses	200	0	200
Drugs	100	0	100
Ambulance	50	0	50
		<hr/>	<hr/>
Total	\$1,900	\$900	\$1,000
Deductible (paid by employee)			100
			<hr/>
Balance			900
Plan pays 80% of balance, or.....			720

Plan C—An employee incurs high medical expenses for an illness at home. He does not require surgery and is not hospitalized. The plan has a corridor deductible of 2% of annual salary (\$150 minimum) plus basic plan benefits.

Expenses	Total	Paid by Basic Plan	Leaving Balance of
Nursing—50 days at \$12 per day	\$ 600	0	\$ 600
Physician’s charges	1,215	0	1,215
Medicine	120	0	120
		<hr/>	<hr/>
Total	\$1,935	0	\$1,935
Deductible (paid by employee)			150
			<hr/>
Balance			1,785
Plan pays 75% of balance, or			1,338.75

COST OF THIS INSURANCE

Among the plans surveyed there is so much variation in benefits and other features that it is difficult to compare costs. Of the ten plans which quote contributions for major medical insurance separately from the rest of the insurance plan, contributions for an employee alone range from 25 cents to \$2.75 per month, with the median around \$1.50. For an employee and

his family, contributions run from \$1.50 to \$7.75 per month, the median being around \$4.40. Under most current plans, the employee pays the entire cost of the major medical insurance. In the four plans where the major medical insurance is part of a package plan there is presumably some company contribution. Among the other companies, only one states that it pays any part of the premium, but this company pays 60%.

WHO IS COVERED

Partly because of the relatively high contribution for major medical insurance, the tendency at present is to restrict coverage under these plans to salaried employees earning at least \$5,000 or \$6,000—a group which many people feel is more “sold” on the idea of prepaid medical costs than are hourly employees. Another reason given for the restriction is that employees in this group are more likely to be charged high fees and to utilize private hospital rooms and other high-priced facilities.

Those who favor opening major medical plans to all employees argue that a file clerk or an assembly line worker is just as likely to have a serious illness or accident as an executive is, and that it is far more likely to be financially catastrophic for him than it is for the \$15,000-a-year man. They also say that the cost of major medical insurance can be kept low enough to make it feasible for rank-and-file workers who are just as likely to understand and react favorably to the idea as anyone else. Another argument is that covering all employees (and therefore more age groups) provides a better spread of risk than covering only the higher-paid people, who are older as a group and more likely to have serious illnesses.

Four of the fourteen companies in this survey offer major medical insurance to all of their employees. Two companies offer it to all “exempt” employees, and one to all salaried employees. The remaining companies restrict coverage to salaried employees with annual earnings of at least \$3,600 (one plan), \$5,000 (three plans) or \$6,000 (two plans).

Twelve of the fourteen plans provide coverage for the employee’s family, and two of these make dependents’ coverage mandatory. The definition of a dependent child is often liberalized in comparison to most basic plans, under which eligibility usually ceases on the nineteenth birthday. Six of the plans extend eligibility for the employee’s children who are unmarried and attending school or college full time to some specified age in their early twenties. Two plans extend the eligibility to age twenty-one, one to twenty-two and one to twenty-three. Two plans provide major medical coverage for an unmarried dependent student until the twenty-fifth birthday.

LOIS E. FORDE
Division of Personnel Administration
MANAGEMENT RECORD

Wage Adjustments Announced Prior to September 15, 1953

Company	Type of Worker ¹	Increase		Approximate Number Affected	Remarks
		Average Amount	Date Effective		
<i>Apparel</i> Cluett, Peabody & Company, Inc. . . . Interstate	WE	\$1.10 hr.	5-25-53	7,600	Contract came as result of wage reopening. Fringe benefits granted were an additional 1% of payroll paid to union for hospitalization and surgical benefits to cover dependents, and payment for holidays falling on Saturday. Previous average hourly rate was \$1.28 effective November 13, 1950. Wage reopening September 1, 1954. Duration of contract 1 year. (Clothing Workers, CIO)
Industrial Council of Cloak, Suit and Skirt Manufacturers, Inc. N. Y., N. Y.	WE	See Remarks	7-6-53	40,000	Increases varied according to job: cutters, operators, pressers, finishers, and sample tailors were granted \$5 weekly increment; examiners, \$4.50; finisher helpers, \$4; floor workers, \$3. The raises awarded to pieceworkers were converted into fixed percentages. Contract expires May 31, 1954. (ILGWU, AFL)
National Association of Blouse Manufacturers Interstate	WE	See Remarks	7-1-53	16,000	In new contract pieceworkers received increase of 8% of their total earnings. Weekworkers granted raises according to specific crafts. Minimum wage scales set up for cutters and markers, machine cutters, sample makers, finishers, cleaners and examiners, operators, pressers or ironers, shipping clerks, delivery boys, errand boys. Contract runs through December 31, 1955. (ILGWU, AFL)
<i>Chemicals and Allied Products</i> Carbide & Carbon Chemicals Company Paducah, Ky.	WE	\$0.05 hr.	7-15-53	1,000	Settlement was first contract between company and union. Average hourly rate prior to agreement was \$1.963. Good Friday granted as 7th holiday. Provision for wage reopening on April 15, 1954 and January 15, 1955. Contract runs from May 7, 1953 to October 15, 1955. (Gas, Coke & Chemical Workers, CIO)
Liquid Carbonic Company Chicago, Ill.	WE	\$0.02 hr.	7-20-53	1,100	Wage reopening 60 days prior to November 27, 1955, at which time contract will expire. Pension plan and inequity negotiations completed; insurance negotiations extended until November, 1954; latest GM formula on cost of living index and annual improvement factor adopted. (UAW, CIO)
Monsanto Chemical Company Everett, Mass.	WE	\$0.11 hr.	6-15-53	750	Wage adjustment came as result of contract expiration. Liberalized fringe benefits granted included increased shift differentials, job rate adjustments, and an improved sick-leave plan. Contract runs for 1 year. (Chemical Workers, AFL)
<i>Construction</i> Associated General Contractors St. Paul, Minneapolis, Minn.	WE	\$0.075 hr.	5-3-53	1,000	Settlement came after expiration of contract. Average hourly rate prior to increase was \$3.05, effective June 3, 1952. (Bricklayers, Masons & Plasterers, AFL)
<i>Electrical Machinery, Equipment and Supplies</i> Electric Products Company Cleveland, Ohio	WE WE	\$0.05 hr. \$0.18 hr.	5-21-53 5-21-53	313 7	Increases to 313 IUE workers varied with a maximum of \$.22 and came as result of contract expiration; IAM settlement with 7 workers was first contract with company. Only tool makers, tool and die makers included in machinists' settlement. Pay for Saturday holidays was granted. Contract duration 1 year (IUE, CIO; IAM, AFL)
Borg-Warner Corporation Muskegon, Mich. Norge Division	WE	\$0.03 hr.	7-20-53	100	Increases to nonincentive workers varied from \$.04 to \$.10; no increases to incentive classifications. Agreement was result of wage reopening. Prior to adjustment, average straight-time hourly earnings were \$2.09. Contract runs to May 2, 1954. (Auto Workers, AFL)
Herrin, Ill.	WE	See Remarks	8-24-53	500	Modifications in contract came through wage reopening provision. Increases of \$.07 per hour granted on jobs in incentive classifications; \$.10 per hour increment in nonincentive classifications. Contract runs to August 25, 1954. (IAM, AFL)
Wagner Electric Corporation St. Louis, Mo.	WE	\$0.04 hr.	8-4-53	261	Wage adjustment granted after expiration of old contract. Employees now receive pay for jury duty. Wage reopening possible only once after October 4, 1953 upon 60 days' advance notice. Contract expires in 2 years. Average hourly rate prior to settlement was \$2.36. (IAM, AFL)

Wage Adjustments Announced Prior to September 15, 1953—Continued

Company	Type of Worker ¹	Increase		Approximate Number Affected	Remarks
		Average Amount	Date Effective		
Harder Refrigerator Corporation Cobleskill, N. Y.	WE	\$.05 hr.	5-1-53	200	Increase was result of new contract. Prior to settlement, hourly rate averaged \$1.29. Company added 3 weeks' vacation after 15 years of service. Provision for wage reopening June 15, 1954. Contract duration 2 years. (Auto Workers, AFL)
Philco Corporation Philadelphia, Pa.	WE	See Remarks	6-1-53	n.a.	No wage increase granted. Contract settlement provided more liberalized fringe benefits: (1) Company-paid program for employees, providing life insurance coverage, roughly equivalent to 1 year's earnings; (2) Company-paid program of sickness and accident insurance which provides about 2/3 weekly earnings for 13 weeks with maximum benefit of \$40 per week; (3) Company provides medical and surgical insurance coverage; (4) Company polio insurance program providing coverage of up to \$5000; (5) Pensioners' death benefit of \$1000 minimum including residual pension value to be provided by company; (6) Vacation for qualified pensioners in retiring year; (7) Maximum period of hospital care increased to 70 days in Blue Cross Plan. Wage reopening at any time during 1 year duration of contract. (IUE, CIO)
<i>Fabricated Metals</i>					
Lukens Steel Company Coatsville, Pa.	WE	\$.085 hr.	6-12-53	4,300	Wage increase came as a result of reopening. Average hourly rate prior to settlement was \$2.08 effective August 5, 1952. Provision for wage reopening on June 30, 1954. Contract runs from November 10, 1952 to June 30, 1954. (Steelworkers, CIO)
	S	See Remarks	6-14-53	1,250	Increase of 4.5% with minimum raise of \$14 and maximum of \$42 per 4-week period. Previous average rate per 4 weeks was \$343 effective March 30, 1952. Reopening date and duration of contract same as above. (No union)
Stainless Steel Products Company . . . St. Paul, Minn.	WE WE	\$.05 hr. \$.05 hr.	5-1-53 9-1-53	100 n.a.	Wage adjustment came as result of contract expiration. Company granted additional 1/2 day holiday for Christmas Eve. Provision for wage reopening upon 30 days' notice. Contract runs from May 1, 1953 to May 1, 1954. (UE, ind.)
<i>Food and Kindred Products</i>					
General Mills, Inc. Buffalo, N. Y. (Grain Elevator)	WE	\$.15 hr.	8-15-53	40	(Longshoremen's Assn., ind.)
Buffalo, N. Y. (Cereal and Flour Mill)	WE	\$.10 hr.	7-1-53	1,050	(Grain Millers, AFL)
Chicago, Ill. (Cereal and Flour Mill)	WE	\$.075 hr.	6-15-53	775	(Grain Millers, AFL)
Minneapolis, Minn. (Flour Mill)	WE	\$.065 hr.	7-1-53	500	(Grain Millers, AFL)
National Biscuit Company Newark, N. J.	WE	\$.065 hr.	5-1-53	500	Previous average hourly rate was \$1.68 effective May 1, 1952. Increment was result of contract expiration. Two weeks' vacation after 1 instead of 3 years. Night work bonus increased from \$.05 to \$.09 per hour. Length of contract 1 year. (Bakery & Confectionery Workers, AFL)
Planters Nut & Chocolate Co. Suffolk, Va.	WE	\$.03 hr.	5-1-53	1,300	Increase resulted from expiration of contract. Average hourly rate prior to settlement was \$.9912 effective May 1, 1952. Contract duration 1 year (DPOWA, CIO)
	S	\$.03 hr.	5-1-53	90	Increase also result of contract expiration. Previous average hourly wage was \$1.14. Settlement covers employees outside of bargaining unit, but excludes superintendents and office personnel. Contract runs for 1 year. (No union)
<i>Furniture and Fixtures</i>					
Hampden Specialty Products, Inc. . . . Easthampton, Mass.	WE	\$.07 hr.	7-16-53	350	Wage adjustment resulted from contract expiration. Company granted 2 additional paid holidays, bringing the total to 8; improved hospitalization, illness, and insurance benefits; vacation plan liberalized. Contract runs for 1 year. (IUE, CIO)
	S	\$5 wk.	7-16-53	50	(No union)

Wage Adjustments Announced Prior to September 15, 1953—Continued

Company	Type of Worker ¹	Increase		Approximate Number Affected	Remarks
		Average Amount	Date Effective		
<i>Governmental Agency</i>					
Argonne National Laboratory Lemont, Ill.	WE	See Remarks	See Remarks	582	The settlement amounted to a 7% increase of the current maximum in each wage range. Of the 7%, 4% became effective April 4, 1953, and 3% effective June 29, 1953. The increment varied from \$.09 to \$.17 per hr. with an average raise of \$.127. Prior to adjustment the average hourly wage had been \$1.96 effective July 14, 1952. Raise came through wage reopening. Termination date of contract extended from April 4, 1954 to December 7, 1954. (Building Service Employees, Electrical Workers, Teamsters, Bill Posters, Carpenters, all AFL)
<i>Machinery (Except Electrical)</i>					
American Monorail Company Cleveland, Ohio	WE	\$.08 hr.	4-1-53	280	Company granted raise, seventh paid holiday, pay for jury duty, and a \$.02 increase in shift differential after the old contract expired. The new contract runs for 1 year with a reopening possible after September 9, 1953. Previous average hourly wage was \$1.71. (UE, ind.)
The Cleveland Graphite Bronze Co. Cleveland, Ohio Division of Clevite Corp.	WE	\$.07 hr.	7-1-53	2,450	A wage reopening resulted in an increase of \$.05 for all hourly workers, with an additional \$.10 granted to designated "A" and "B" classifications for crafts. In addition, the second shift differential was changed from \$.05 to \$.08, and the third shift received an increase of \$.02 (from \$.10 to \$.12); 2 paid holidays were granted for Memorial Day and July 4 when falling on Saturday; employees now get 4 hours call-in pay instead of the previous 2 hours; and for 15 years' service, vacation pay will now be 135 hours straight-time instead of 120 hours. The contract will continue to run until June 14, 1955 with another reopening possible on or about July 1, 1954. Previous average hourly rate was \$2.04 effective January 1, 1953. (Mechanics Educational Society, ind.)
	S	3%	7-1-53	684	Increases varied with an average of 3% and a maximum of \$25 per month. Previous average monthly salary was \$388 effective January 1, 1953. (No union)
Iron Fireman Mfg. Co. Cleveland, Ohio	WE	See Remarks	6-3-53	575	All hourly-rated employees were granted \$.12 per hour general increase; in addition they received an average of \$.037 per hour for intraplant inequities. Thus, the total average increase per person amounted to \$.157. Settlement was result of new contract. Provision for wage reopening on June 3, 1954. (UAW, CIO)
Gar-Wood Industries Corporation Mattoon, Ill.	WE	\$.05 hr.	3-18-53	338	Wage adjustment resulted from expiration of contract. Company granted pay for Saturday holidays; \$.01 per hour cost of living added to base rates and deducted from cost of living allowance. Contract runs for 1 year. Average rate prior to settlement was \$1.523 effective November 12, 1951. (Auto Workers, AFL)
	WE	\$.04 hr.	8-3-53	284	
<i>Paper and Allied Products</i>					
Downingtown Paper Company Downingtown, Pa.	WE	\$.035	4-27-53	440	Increase granted upon expiration of old contract. New contract runs for 1 year with a provision for a wage reopening after September 9, 1953. Three weeks' vacation after 15 years of service granted. Average hourly wage was \$1.56 effective October 1, 1952. (Paperworkers, CIO)
	S	2.85%	4-20-53	71	(No union)
Hollingsworth & Vose Company West Groton, Mass.	WE	\$.067	7-1-53	171	Wage reopening of a 1-year contract which became effective November 24, 1952, brought increase. Improved fringe benefits included an increase in shift differentials from \$.04 and \$.06 to \$.05 and \$.07 per hour; group sickness and accident insurance (\$30 per week) extended from 10 to 26 weeks. Previous average hourly wage was \$1.518. (Paperworkers, CIO)
	S	3%	7-6-53	14	(No union)
John A. Manning Paper Co., Inc. Albany, N. Y.	WE	\$.08 hr.	6-1-53	401	Wage increase came after expiration of old contract. Four differentials were changed from 0-5-10 to 0-10-10; 3 weeks' vacation granted after 12 years' service instead of previous 15 years; jury duty pay added; Election Day pay added; 8-hour straight-time pay for time not worked by the night shift ending on Thanksgiving morning was granted. In addition, the amount of insurance was increased from \$2,000 to \$5,000. Duration of new contract is 1 year. (Paper Makers, AFL)

Wage Adjustments Announced Prior to September 15, 1953—Continued

Company	Type of Worker ¹	Increase		Approximate Number Affected	Remarks
		Average Amount	Date Effective		
Oconto Falls Power & Paper Co. Oconto Falls, Wis.	WE	\$.06 hr.	6-1-53	250	Raise came upon expiration of old contract. The following fringe benefits were granted: Memorial and Thanksgiving Day holidays added; surgical benefits extended to \$200 maximum; night shift differential increased from \$.07 to \$.10 per hour and bonus plan was instituted for paper mill and finishing departments. The new contract runs for 2 years with 3 openings possible: 6, 12 and 18 months after June, 1953. (Pulp, Sulphite & Paper Mill Workers, AFL)
St. Regis Paper Company Kalamazoo, Mich.	WE	4%	4-29-53	706	Increase granted after expiration of old contract. New 1-year contract also grants a change in the shift differential from 0-4-8 to 0-5-10. Previous average hourly rate was \$1.46. (Paper Makers, AFL)
N. Y., N. Y.	WE	3%	5-1-53	2,100	One-year contract which is renewable from year to year brought increase. Previous average hourly rate was \$1.58. (Paper Makers, Pulp, Sulphite and Paper Mill Workers, Firemen and Oilers, all AFL)
<i>Petroleum and Allied Products</i> Atlantic Refining Company Port Arthur Refinery	WE	4%	7-1-53	11,870	Wage reopening of a 1-year contract which will run until December 14, 1953, brought increase. Previous average hourly wage was \$2.26. (Atlantic Independent Union, ind.; Oil Workers, CIO)
Gulf Oil Corporation Interstate	WE	See Remarks	6-16-53	1,200	New contract granted increase of 2% for entry ratings, 4% for semiskilled ratings, 6% for skilled ratings. The company also agreed to participate in the NMU vacation plan. Contract will run for 2 years with a reopening possible after December 15, 1953, and replaces the previous settlement of June 16, 1950. (National Maritime Union, CIO)
Phillips Petroleum Company Bartlesville, Okla.	WE	4%	7-1-53	3,138	A general increase of 4%, averaging \$.08 per hour, was granted along with liberalized holiday pay, vacation and hospitalization. A thrift plan was also inaugurated. Contract runs for 1 year. Previous estimated average hourly rate was \$2.03 effective May 1, 1952. (Oil Workers, CIO)
Pure Oil Company Interstate	WE	4%	7-1-53	846	Previous average hourly wage was \$2.156 effective May 29, 1952. Duration of contract is 1 year. (Oil Workers, CIO)
	S	4%	7-1-53	56	Previous average monthly rate was \$350.17 effective May 29, 1952. (Oil Workers, CIO)
Shell Oil Company Interstate	WE	4%	7-1-53	32,000	The last previous general increase was effective May 1, 1952. (Employees affected by new increase included both unorganized and organized workers, the latter represented by many AFL, CIO and independent unions.)
	S	4%	7-1-53	See Remarks	The number of salaried employees involved in the increase is included in the figure given for wage earners. (Union status not given)
Union Oil Company Cutbank, Los Angeles Terminal Los Angeles & Oleum Refineries	WE	4%	7-1-53	1,555	Increase granted after wage reopening of a contract which will continue to run until terminated by either side upon 60 days' notice. (Oil Workers, CIO)
Los Angeles & Oleum Refineries	S	4%	7-1-53	4,000	(No union)
Not indicated	WE	4%	7-1-53	35	Same contract conditions as Oil Workers. (Maltha Employees Protective Association, ind.)
Field, Auto, Pipeline, Purchasing Depts.	WE	4%	7-1-53	1,075	Same as above. (Independent Union of Petroleum Workers, ind.)
San Diego & Imperial Counties, Bakersfield, Rosecrans Terminal	WE	4%	7-1-53	50	Same as above.
Del Valle, Los Angeles, & Orange Counties, Honolulu, San Francisco, Seattle	WE	4%	7-1-53	240	Same as above. (Teamsters, AFL)
Not indicated	WE	4%	7-1-53	40	Same as above. (Glacier Employees Assn., ind.)
Portland, Ore.	WE	4%	7-1-53	6	Same as above. (Operating Engineers, AFL)
Not indicated	WE	4%	7-1-53	200	Same as above. (Union Service Station Employees Association, ind.)

Wage Adjustments Announced Prior to September 15, 1953—Continued

Company	Type of Worker ¹	Increase		Approximate Number Affected	Remarks
		Average Amount	Date Effective		
<i>Primary Metal Industries</i>					
Bethlehem Steel Company Interstate	WE	\$.085 hr.	6-12-53	92,000	Wage reopening granted increase. Previous average hourly wage was \$1.952 effective March 1, 1952. (Steelworkers, CIO)
	S	See Remarks	See Remarks	19,200	A 5% increase with a minimum of \$15 per month was granted. The minimum raise went into effect, June 12, 1953, and the 5% raise became effective 4 days later. (600 in Steelworkers, CIO, and Technical Engineers, AFL; rest are nonunion.)
Potash Company of America Carlsbad, N. M.	WE	\$.01 hr.	5-1-53	560	A 2-year contract expired on May 31, 1953, and raise was granted. Old pension and group insurance plans were made contractual matters but were not changed in the settlement. New contract runs for 2 years. Previous average hourly wage was \$2.47. (Mine, Mill and Smelter Workers, ind.)
Aluminum Company of America Interstate	WE	\$.085 hr.	See Remarks	11,600	A wage reopening after the first year of a 5-year contract brought increase, \$.04 effective on July 1, 1953, \$.045 on July 13, 1953. Previous average hourly wage was \$1.82. (Aluminum Workers, AFL)
Jones & Laughlin Steel Corp. Pittsburgh, Pa.	WE	\$.085 hr.	6-12-53	27,312	Increment came with wage reopening of a contract which will continue to run until June 30, 1954. (Steelworkers, CIO)
Steel Works Division	S	\$15 mo.	7-1-53	1,552	Agreement is retroactive to June 1, 1953. (No union)
United States Steel Corp. Interstate	WE	\$.085 hr.	6-12-53	156,000	Flat increase was granted after a wage reopening of a contract which will continue to run until June 30, 1954. In the South, the agreement provides for an increase of \$.025 as of January 1, 1954 plus an additional increase of \$.025 as of July 1, 1954. Previous minimum hourly rate was \$1.435 in the North and \$1.385 in the South, effective March 1, 1952. (Steelworkers, CIO)
	S	\$6.80 bi-weekly	6-12-53	7,800	Previous minimum bi-weekly salary was \$94.98 effective July 26, 1952. (Steelworkers, CIO)
Wagner Malleable Iron Co. Decatur, Ill.	WE	\$.05 hr.	4-27-53	500	Aside from general increase, tool and die makers received an additional increase of \$.10; mechanics, patternmakers and electricians received an additional \$.05. 6% of previous years' earnings granted to employees with 15 years' service. Contract will run until June 2, 1954 with reopenings possible if agreed to by both parties. Previous average hourly rate was \$1.79 effective June 2, 1952. (Auto Workers, AFL)
Youngstown Sheet & Tube Co. Youngstown, Ohio	WE	\$.085	6-12-53	20,000	Increase granted after wage reopening. Contract runs for 1 year. (Steelworkers, CIO)
<i>Printing, Publishing and Allied Industries</i>					
Fort Worth Star-Telegram & Press . . Fort Worth, Tex.	WE	\$3 wk.	3-4-53	128	Increase came as old contract which began on March 4, 1952, expired. New contract runs for 1 year. (Typographical Union, AFL)
<i>Public Utilities</i>					
Cleveland Electric Company Cleveland, Ohio	WE	\$.08 hr.	4-1-53	2,946	Expiration of contract brought increment. Among the increased fringe benefits were: Sunday premium of \$.15 per hour for shift employees and time and one-quarter in lieu of straight-time for nonshift employees; double time and one-half instead of the previously paid double time for hours worked on holidays; increase of shift premium from 0-4-6 to 0-6-11; increase of meal allowance from \$1 to \$1.25; job evaluation rate adjustments to be negotiated. New contract will expire April 1, 1954. (Utility Workers, CIO)
	S	\$3.25 wk.	4-1-53	1,148	(No union)
West Penn Power Company Pittsburgh, Pa.	WE	\$.08 hr.	5-1-53	1,521	Wage reopening granted increase and replaced previous average hourly rate of \$1.898 effective since May 1, 1952. Contract will continue to run until May 1, 1954. (Utility Workers, CIO)
	S	See Remarks	5-1-53	952	Union salaried employees received \$.08 adjustment converted to a monthly base. Nonunion salaried employees received the \$.08 or 4.17% whichever was higher, likewise converted to a monthly base. Previous average hourly rate was \$1.758 effective May 1, 1952. (12% of workers represented by UMW, ind.; rest nonunion)
Southern California Gas Co. Los Angeles, Cal.	WE	\$.097 hr.	4-1-53	3,600	A new 1-year agreement was negotiated and the increase resulted. Previous average hourly rate was \$1.856 effective April 1, 1952. There is no provision for a wage reopening in the new contract. (Utility Workers, CIO)

Wage Adjustments Announced Prior to September 15, 1953—Continued

Company	Type of Worker ¹	Increase		Approximate Number Affected	Remarks
		Average Amount	Date Effective		
Illinois Bell Telephone Company Illinois	WE	See Remarks	7-26-53	11,000	Of the 11,000 workers involved, 160 received a pay increase of \$1.50 per week and the balance received \$2.418 clerical employees also received a day off with pay for a Saturday holiday. In a reclassification of 6 towns to higher wage schedules, 323 employees were involved. New contract will run for 1 year and replaces the expired settlement of June 22, 1952 when the average weekly earnings for 5 days was \$56.40. There is no provision in the agreement for a wage reopening. (Communications Workers, CIO)
Public Service Company of Indiana . . . Indiana	WE	\$.0999 hr.	5-1-53	1,500	Wage reopening of a contract which will continue to run until May 1, 1954 brought increase. (Electrical Workers, AFL)
<i>Rubber and Rubber Products</i> United States Rubber Company Interstate	WE	See Remarks	See Remarks	35,000	No wage increase was granted by a new contract. The agreement, which will run until March 31, 1955, did grant hospital, surgical, and medical insurance to employees and their dependents and 2 weeks' vacation pay after 3 years' seniority instead of the previous 5 years. Wage reopenings are possible after 30 days' notice. The contract became effective as the various locals ratified it during the month of April. (Rubber Workers, CIO)
<i>Stone, Clay and Glass Products</i> General Portland Cement Co. Houston, Dallas, Ft. Worth, Tex. Trinity Portland Cement Division	WE	5%	5-1-53	800	Expiration of contract brought increase and a more liberal vacation grant of 3 weeks after 15 years' service instead of the previous 20 years. (Cement, Lime & Gypsum Workers, AFL)
<i>Transportation Equipment</i> Automotive Tool & Die Manufacturers Assoc. Detroit, Mich.	WE	\$.15 hr.	7-14-53	5,000	A new 2-year contract was negotiated and the raise was granted along with increased insurance benefits. (UAW, CIO)
Bethlehem Steel Company Interstate	WE	\$.07 hr.	6-24-53	18,200	Increase was granted after a wage reopening of a contract which will continue to run until June 23, 1954. Previous average hourly wage was \$2.078 for straight time effective April 14, 1952. (Marine & Shipbuilding Workers, CIO; Pattern Makers, AFL)
	S	3.5%	6-24-53	4,600	(Marine & Shipbuilding Workers, CIO, Technical Engineers, AFL; Plant Protection Employees, ind.; majority nonunion)
Liberty Aircraft & Products Corp. . . Long Island City, N. Y.	WE	\$.10 hr.	See Remarks	2,045	The wage increase which came as the result of a contract expiration became effective May 4, 1953. A more liberalized vacation allowance of 3 weeks after 15 years instead of the previous maximum of 100 hours after 6 years, and time and one-half on Saturdays became effective June 2, 1953. The contract will run for 1 year. Previous average hourly wage was \$1.80 effective June 2, 1952. (IAM, AFL)
New York Shipbuilding Corp. Camden, N. J.	WE	\$.165 hr.	8-3-53	4,800	The increases ranged from \$.07 to \$.32 with an average of \$.165. The new rate for first class skilled mechanic is now \$2.25 per hour. The agreement which came as the result of a wage reopening also granted the following: paid holidays falling on Saturday and Sunday to be celebrated the following Monday; in-hospital medical expense benefit plan extended to employees' family; piece-work and incentive contract plans abolished; production bonus plan submitted with all employees participating. Contract runs until June 23, 1955 with a reopening possible after June 23, 1954. (Boilermakers, Iron Ship Builders, Blacksmiths, Drop Forgers and Helpers, AFL)
White Motor Company Cleveland, Ohio	WE	\$.05 hr.	See Remarks	3,990	A voluntary contract reopening granted a \$.05 increase which became effective June 15, 1953. Skilled workers received an increase of \$.10 which became effective June 1, 1953. Contract expires June 15, 1954. (UAW, CIO)
	S	\$8.70 mo.	n.a.	1,054	(UAW, CIO)
Republic Aviation Corp. Farmingdale, N. Y.	WE	\$.05 hr.	8-31-53	140	Expiration of old contract brought increase. The new agreement will run until Sept. 1, 1954 with no provision for a wage reopening, and it replaces the agreement of June 15, 1952 when the average hourly wage was \$2.38. (Electrical Workers, AFL)
<i>Miscellaneous</i> Waldes Kohinoor, Inc. N. Y., N. Y.	WE	\$.06 hr.	3-2-53	650	Increase came as old contract expired. The new 1-year contract also granted 2 weeks' vacation after 3 instead of 5 years; medical insurance (added to hospital and surgical); \$1.20 per day holiday pay for piece workers. Previous average hourly rate was \$1.54 effective February 29, 1952. (UE, ind.)

WE, wage earner; S, salaried employee. n.a., not available.